

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 FOR THE COUNTY OF LOS ANGELES

3 DEPARTMENT NO. 57 HON. PAUL G. BRECKENRIDGE, JR., JUDGE
4

5 CHURCH OF SCIENTOLOGY OF)
6 CALIFORNIA,)

7 Plaintiff,)

8 vs.)

No. C 420 153

9 GERALD ARMSTRONG,)

10 Defendant.)

11 MARY SUE HUBBARD,)

12 Intervenor.)
13

14
15 REPORTERS' DAILY TRANSCRIPT

16 Wednesday, May 23, 1984

17 VOLUME 18

18 Pages 2851 to 2999, incl.
19

20 APPEARANCES:

21 (See Volume 15)
22
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WITNESSES

<u>DEFENSE WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
ARMSTRONG, Gerald (Resumed)			2853 2875 2960	2908-L 2921-L	2875-H
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EXHIBITS

PLAINTIFF'S EXIBITS IDENTIFIED

70	HCO bulletin dated 3-16-77	2915
71	Copy 1-page letter dated 5-3-80	2933
72	Book "The Phoenix Lectures"	2935
73	Gerald Armstrong affidavit dated 4-12-80	2942
74	Copy Newsletter The Auditor 51	2949
75	HCO policy letter 8-31-71	2951

DEFENSE EXHIBITS

TTT	Copy 1-page document entitled Deferred	2855
UUU	HCO Policy letter dated 3-1-66	2872
VVV	Copy document dated 3-9-70 Successful and Unsuccessful actions	2874
WWW	Copy of pages 317 and 318 from Dianetics and Scientology Dictionary	2878
XXX	17 pages nondisclosure and release bond	2908
YYY	Copy document entitled "Confidential Intelligence Chief"	2964
ZZZ	Copy 1-page letter dated 9-1-81	2969

T1

1 LOS ANGELES, CALIFORNIA; WEDNESDAY, MAY 23, 1984; 9:52 A.M.

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3
4 THE COURT: All right. We are back in session.

5
6 GERALD ARMSTRONG,

7 having been previously duly sworn, resumed the stand and
8 testified further as follows:

9 THE COURT: The witness has retaken the stand. Just
10 state your name again for the record. You are still under
11 oath.

12 THE WITNESS: Gerald Armstrong.

13 THE COURT: Yes, Mr. Harris?

14 MR. HARRIS: Yes, just briefly.

15 There is a representative, a custodian of records
16 of the Bonaventure Hotel who is here, James Wilson; is that
17 correct?

18 MR. WILSON: That's right.

19 MR. HARRIS: Who just has some records which we will be
20 using on our rebuttal.

21 THE COURT: Does he want to deliver them to the clerk?

22 MR. HARRIS: Yes.

23 THE COURT: You may do so.

24 Is there any declaration attached to it?

25 MR. HARRIS: No, that is why he is here, Your Honor.
26 I was hoping we could get into a stipulation that he would
27 testify that these are records maintained by the Bonaventure
28 in the ordinary course of business.

1 They are Mr. Flynn's visit at the Bonaventure
2 which date has become at issue.

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1 MR. FLYNN: We can stipulate to it, Your Honor.

2 THE COURT: We can excuse the gentleman from the hotel.

3 All right. Then you may continue, Mr. Flynn,
4 with your examination.

5 MR. FLYNN: Thank you, Your Honor.

6
7 REDIRECT EXAMINATION (Resumed)

8 BY MR. FLYNN:

9 Q Mr. Armstrong, with reference to that Guardian
10 Full Hat, I am not sure whether I asked you what the purpose
11 of the Full Hat was?

12 THE COURT: Are you referring now to something in the
13 abstract, or that particular exhibit?

14 MR. FLYNN: That exhibit, Your Honor, which is HHH.

15 I don't think you have to get it.

16 Q What was the purpose of that exhibit HHH,
17 Mr. Armstrong?

18 A I believe that was the intelligence Full Hat,
19 information Full Hat. Information was a euphemism for
20 Intelligence Bureau. And the Full Hat is the complete
21 set of materials.

22 One usually gets a Mini Hat which is a
23 condensation of the more important materials one is trained
24 on. But the purpose of any hat is to train the person whose
25 job it is, whose hat it is in the all the functions and
26 duties of the particular position.

27 And this is to train intelligence personnel in
28 the Guardian's Office the procedures and duties of the

1 Intelligence Bureau, intelligence agents and operatives and
2 operators, case officers.

3 THE COURT: Are you able to identify that particular
4 Full Hat as the one that was in existence?

5 THE WITNESS: Well, very likely, Your Honor. We had
6 one in the Port Captain's office. And it would have been
7 in 1974-1975.

8 This one here is dated 9 September, 1974; so it
9 is very likely the same one.

10 Occasionally these things got updated. And there
11 were changes made in the check sheet or the list of materials
12 included in the Hat.

13 But we had one like this in the Port Captain's
14 office in the intelligence department which I saw in 1974.

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T3-1

1 Q Now, let me show you a document --

2 Your Honor, may we have it marked next in order?

3 THE COURT: Triple T.

4 Q BY MR. FLYNN: Was that document a document that
5 was included in the archives?

6 A I can't say with certainty. There was a set of
7 materials regarding FBI, Hubbard's relations with the FBI, and
8 there was a set of materials indicating this type of investi-
9 gation at this period. This appears to be maybe in the '50's,
10 '61, because one of the sets of materials provided by
11 Vaughn Young to Omar Garrison included the time track of FBI
12 and other agencies investigations into Scientology, in other
13 words, a chronology, and there was this type of material
14 included in there, but I don't recall the specific document.

15 Q Among the materials that you did find in there,
16 did you find that there were documents relating to the fact
17 that the Federal Bureau of Investigation had received numerous
18 inquiries and complaints concerning Mr. Hubbard?

19 MR. HARRIS: I am going to object to that. The witness
20 is not able to identify this. If it is out of the archives,
21 it should be in Your Honor's custody. Apparently it isn't
22 and Mr. Flynn, without having the witness identify the document,
23 now starts reading from the document.

24 I object. It is improper.

25 MR. FLYNN: Your Honor, as far as its coming out of the
26 archives, it comes out of my files not out of archives, and I
27 have, as I have indicated to the court on numerous occasions,
28 extensive files pertaining to Mr. Hubbard.

T3-2

1 THE COURT: Well I don't know what the relevancy of
2 it is.

3 MR. HARRIS: Why doesn't Mr. Flynn show it to Your
4 Honor?

5 MR. FLYNN: It is only -- the relevancy has to do with
6 Mr. Harris' questioning about the fact that the organization
7 was suffering from religious persecution. I simply want to
8 show the court that over the years there were numerous
9 complaints which had come in at least to this governmental
10 agency about the organization.

11 THE COURT: Oh, I will sustain the objection. I
12 don't think this contributes anything to the lawsuit.

13 Q BY MR. FLYNN: Mr. Armstrong, several documents
14 have been brought into court with reference to the administrative
15 files in the biography project.

16 Can you give the court an estimate of approxi-
17 mately how much material exists in the administrative files
18 relating to the biography project while you were conducting
19 it?

20 A There was probably, in addition to whatever is
21 here, there would probably be another five to eight inches of
22 files relating directly to the biography project.

23 Q And what basically is in those files?

24 A Well they go back to the earlier attempts to get
25 the biography done. They include some of the surveys which
26 were done relative to the biography. They include the
27 materials on the contract negotiations themselves, correspondence
28 with Omar Garrison.

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There was correspondence between Mr. Garrison and Mary Sue Hubbard regarding the biography.

Q How much correspondence is there with Mary Sue Hubbard in those files?

A Well, in the total files dealing directly with it, there would probably be -- I don't know, maybe 20 things back and forth; Laurel to her, her to Laurel, me to her.

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1 Q Now, are there numerous documents in those files
2 that cross-reference or correlate aspects of the biography
3 project to the MCCS Mission?

4 A Yes. I think there would be a lot of them.

5 Laurel at that point had -- as I say, she was
6 doing two jobs and dealing with the same attorney who handled
7 both matters, MCCS and the biography thing.

8 Laurel was in continual communication with
9 Mary Sue regarding MCCS; also, the biography and also the
10 archives trust which bridged the two subjects because the
11 disposition of the -- the final disposition of the materials
12 that I was collecting was being worked out for a final
13 deposit in this thing called the archives trust.

14 Q And that archives trust was the trust that was
15 being set up, as you previously testified, in connection with
16 which Mr. Hubbard was going to take a tax deduction; is that
17 correct?

18 A Right. That was my understanding.

19 MR. LITT: I'll make the same objection; any knowledge
20 that he has from this comes from his participation in MCCS.

21 THE COURT: I'll strike it.

22 Q BY MR. FLYNN: Mr. Armstrong, were you shown
23 exhibit 36 which is in your handwriting? Is that correct?

24 A Yes.

25 Q And at the bottom of the page, the first page
26 of exhibit 36 there is a notation, ". . .she has also just
27 told me that I am to be her second on the mission."

28 Is that correct?

1 A Yes.

2 Q And what does that refer to?

3 A This refers to the mission, the MCCS Mission.

4 Q Now, this is at the time when you were moving
5 into the Los Angeles building from Gilman Hot Springs in
6 February, 1980; is that correct?

7 A Right.

8 Q And your testimony was that the reason you moved
9 in there on the biography project was because of the fact
10 that it was combined with the MCCS Mission; is that correct?

11 A Right.

12 Q And does exhibit 36 support that?

13 MR. LITT: Objection. Calls for a conclusion.

14 THE COURT: I'll sustain the objection. The document
15 speaks for itself.

16 Q BY MR. FLYNN: Now, at that time how many people
17 were involved in the MCCS Mission in February, 1980?

18 A Well, David Miscavige operated the Mission. He
19 was the Mission OPS.

20 Laurel Sullivan was the in-charge.

21 I was the Mission second.

22 We had a Guardian's Office personnel who was
23 assigned and who had either a Guardian's Office designation
24 or sometimes we referred to him as MCCS third. That was Rick
25 Klingler.

26 So immediately there were three of us involved.

27 As time went on the positions changed.

28 Rick Klingler dropped out and another Guardian's

1 Office person was assigned, a girl. I just don't recall her
2 name right now.

3 And then Dick Sullivan, Barbara DeCelle and Lisa
4 Britowich was assigned sometime later.

5 Q On exhibit 36 it states, ". . .Senior PPRO
6 has sent for Shirley Litman, CIC PPRO BU and me.
7 Reserve to transfer the pack so she can continue
8 to operate the bureau while doing her mission."

9 Who is referred to as the senior PPRO?

10 A Laurel Sullivan.

11 Q And the mission that is referred to in exhibit 36
12 as the senior PPRO continuing to operate her mission, is that
13 the MCCS Mission?

14 A Yes.

15 Q Now, when you left did you take any documents,
16 administrative files, relating to the MCCS Mission?

17 A No.

18 Q And if you had planned your departure,
19 Mr. Armstrong, with the idea of harming the organization or
20 Mr. Hubbard, would you have taken -- what files would you
21 have taken more than any other files?

22 MR. LITT: Objection. That calls for speculation.

23 THE COURT: Overruled.

24 THE WITNESS: Well, I think if I had planned it, I could
25 have made off with a lot of files that would be particularly
26 more useful than the files I have.

27 But the MCCS files, certainly, would have been
28 important. The -- various LRH orders into the PR Bureau like,

1 for example, the Nobel Prize stuff, these are things which
2 would have been available to me.

3 I suppose I could have made great inroads in the
4 Intelligence Bureau if I had been real eager. But I didn't
5 make off with anything. But the materials that could have
6 been obtained would have been more revealing than the ones
7 that are here now.

8 Q BY MR. FLYNN: Now, you have testified on
9 cross-examination about the gradual removal of your
10 belongings from the organization, a box at a time; do you
11 recall that?

12 A Yes.

13 Q Was there a policy or practice in the
14 organization that when a person tried to leave, to keep
15 their belongings, for the organization to keep their
16 belongings?

17 MR. HARRIS: Your Honor, this is beyond the scope of
18 cross-examination.

19 THE COURT: Well, it goes to state of mind, I suppose.

20 THE WITNESS: Yes; it happened with many people
21 throughout the time I was involved in the organization.
22 People were not allowed to leave with the personal
23 Scientology materials in many cases. And all kinds of
24 impediments would have been put in the way of me getting
25 materials out, my own personal things. That was really the
26 reason why the stuff went out a bit at a time.

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1 Q BY MR. FLYNN: Now, exhibit 30 is your -- what
2 you termed your official notice of resignation dated 12 December,
3 1981; is that correct?

4 A Yes.

5 Q Now you stated in there that, "I spent the last
6 several months trying to get Omar copied all the materials
7 he would need and more stuff kept pouring in."

8 What did you mean by that statement, "more stuff
9 kept pouring in," Mr. Armstrong?

10 A Well, right up to the end of my stay, I kept
11 getting more material. The final boxes of the Pers Com arrived,
12 the final Pers Sec materials arrived, the stuff from Controller
13 archives arrived, and there was more than I could possibly
14 copy.

15 Q Now these were materials that you had been
16 trying to procure or obtain possession of for several months
17 prior to that?

18 A Yeah. I guess the Controller archives -- the
19 only reason I did not have them months before that was that
20 Tom Vorm told me that he was simply too busy to go through all
21 the materials, so we waited until he had a time when he was
22 more or less free. Then he went through the materials with
23 me.

24 The Pers Com materials only arrived some time
25 in 1981, and there was such a mass of them. They were in very
26 big boxes and they were kept for a long time in the external
27 communications bureau, the LRH external communications bureau
28 in another building, and I brought them over a box at a time

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1 throughout that period until I finally had all of them there,
2 but there was such a mass of them, there was simply no way to
3 go through them all.

4 Q What was your state of mind with regard to
5 your obligation to complete the project based on the agreement
6 that Mr. Garrison had with PDK and that you felt you had with
7 Mr. Hubbard with regard to getting him, Mr. Garrison, documents
8 before you left?

9 A Well I felt very committed to that. That is
10 the reason that I tried to get copied everything that I could,
11 and my wife and I worked so hard in the last two weeks to
12 try and do that.

13 Q And you didn't take any files of any nature that
14 fell outside the biography project and you could have taken
15 the MCCS files; is that correct?

16 A Well I could have done that, but I did take
17 financial -- my own personal things, and that is actually when
18 I went back in some time in February or -- either January or
19 February I saw Vaughn Young, and I realized that there was
20 this file of all my copies, and the reason I took that was
21 because basically on board the ship I had run into a problem
22 with the organization in accounting for a disbursement which
23 I had and the rule was laid down that if you didn't keep a
24 copy of your turned-in accounts, then you could be liable if
25 the organization didn't find it, and in that case I had to
26 pay for the amount of the disbursement because the treasury
27 bureau at that time had lost my accounting, so I had to pay
28 again.

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1 So, following that, I tried as much as possible
2 to keep copies of all the money received and all my accounting
3 for that money. So I went back in and spoke to Vaughn and I
4 took -- it was only my copy. The organization had all the
5 other documents and the accounting.

6 Q And per your letter of 12 December, 1981 you
7 advised the organization, particularly Barbara De Celle, of
8 the fact that you had taken those documents in the last several
9 months and given them to Omar Garrison; is that correct?

10 A Yes. I also spoke to Barbara at the same time
11 and told her the status of everything in archives.

12 Q And per this letter you asked that you not
13 be harassed by the organization; is that correct?

14 A Yes.

15 Q Now you were asked some questions on cross-
16 examination with regard to Mr. Garrison's ability to use the
17 documents prior to the publication of the biography by
18 placing the documents in the public domain; do you recall that?

19 A Not those specific words, but something to that
20 effect, yes.

21 Q And referring you to 500 7C which is under seal,
22 was that part of a plan for Mr. Garrison to do precisely that?

23 MR. LITT: Objection; beyond the scope, Your Honor.
24 There was no inquiry in cross-examination on that topic.

25 THE COURT: Counsel, cross-examination went several days.
26 I don't see how anything could be beyond the scope of the
27 cross.

28 MR. FLYNN: I have got a specific note on it.

5-4

1 THE COURT: Let's not worry about it. We have been
2 here for so long, we could spend a few more days -- a few
3 more minutes.

4 MR. FLYNN: I am going to try and go as quickly as I
5 can, Your Honor, to wrap this up.

6 Q Are you familiar with 500 7C?

7 A Yes.

8 Q And is there a particular page that relates
9 to Mr. Garrison going around the world and promoting the
10 biography with materials that you had collected?

11 A There is a reference, I believe, to a tour.
12 There is a reference to a video to be done, and the tour may
13 be in the other documents. I don't know, but this refers to
14 a prepublication interview caper, a sneak preview to his full
15 length biography.

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1 Q So what was your understanding as to whether
2 Mr. Garrison could use materials that you had collected,
3 Mr. Armstrong, prior to the publication of the book in
4 connection with the sneak preview caper?

5 A Well, I fully expected that they would be used.

6 Q Now, you were asked some questions about the
7 inventory that Mr. Wilhite did.

8 Do you know who paid Mr. Wilhite for that
9 inventory?

10 A Well, it was paid by LRH accounts. And my
11 recollection is that the original orders came from Mike Smith
12 who was the LRH accounts at the beginning of 1980 and that
13 it was subsequently paid by the person who followed him as
14 LRH accounts who was Jim Isaacson. It was specifically to
15 be L. Ron Hubbard's money as part of the archives trust that
16 was being worked on.

17 MR. LITT: The same objection, Your Honor.
18 Mr. Armstrong, to the extent he knows anything about this
19 knows about it as a result of having been on MCCS and relates
20 to advice given by attorneys. And as to whether it occurred
21 or not, we go through this again and again. It is improper.

22 THE COURT: The whole answer? Is that your contention?

23 MR. LITT: The statement that he makes about what was
24 to happen to the trust.

25 THE COURT: What was to happen to the trust is
26 stricken.

27 Q BY MR. FLYNN: What happened was Mr. Smith from
28 LRH accounts was paying Mr. Wilhite?

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1 A That is correct.

2 Q And LRH accounts means L. Ron Hubbard accounts?

3 A Yes.

4 Q Who is Mr. Wilhite?

5 A Mr. Wilhite is a Scientologist. He had been
6 involved -- he was -- he owned a small publishing company
7 and he had obtained permission to re-publish some of
8 Mr. Hubbard's early fiction work.

9 He had re-published a book called "Buckskin
10 Brigades." And I believe a set of short stories from one
11 of the pulp magazines, Argosy, perhaps.

12 He was a collector of Hubbard material.

13 He had been in the Intelligence Bureau in
14 St. Louis. And I believe he told me that he was busted or
15 somehow he left the Guardian's Office.

16 And at the time that I knew him, because he was
17 an expert in what fiction works Mr. Hubbard had written and
18 he was a collector of fiction works, we got together because
19 I had a number of fiction works which I was trying to
20 identify or locate. And he was very helpful. Between us
21 I had a lot of information on the subject; he had a lot of
22 information on the subject. So we pooled our information.

23 Because he was knowledgeable, he was chosen to
24 do the inventory by the LRH accounts.

25 Q He had worked in the B-1 Bureau of the Guardian's
26 Office; is that correct?

27 A Yes.

28 Q Now, you were asked several questions about your

1 knowledge of lawsuits against members of the organization
2 from 1979, I believe, until 1981; do you recall those
3 questions?

4 A Yes.

5 Q Now, were you aware -- forgetting for the moment
6 those particular years -- were you aware of lawsuits that
7 the organization had brought against former members when you
8 left?

9 A Well, I knew there were some. I can't tell you
10 how many.

11 At the beginning of the biography project I
12 received from controller assistant for legal Ann Mulligan
13 a list of all the lawsuits, all the -- both the criminal and
14 the civil cases which the organization was involved in. And
15 my recollection is that there was something over 100 cases
16 then going on in the United States and something like 200
17 internationally. It was quite a booklet full of materials
18 which laid out at least for a lot of cases their assessment
19 of where the case was, where it stood, and what was next going
20 to happen in the case.

21 There are so many I do not recall names, but
22 included in that list were lawsuits against individuals and
23 damage claims or cases brought by individuals against
24 Scientology. There was a number included in that long list.
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1 Q Did you know an individual in the organization
2 named Lona Levitt?

3 A I can't say if I ever met her. I knew the name.
4 I knew the name from the time when I was in Vancouver because
5 she was a fairly well-known Scientologist from, I believe,
6 Calgary.

7 Q And do you know whether she was being sued along
8 with about 10 other Scientologists up in Calgary?

9 MR. HARRIS: At what time, Your Honor?

10 Q BY MR. FLYNN: In the late 1970's, early 1980's.

11 MR. HARRIS: At what time did he know? This is what I
12 am asking.

13 THE COURT: Well I assume it would have no relevancy
14 unless you were aware of this in '81.

15 THE WITNESS: Well I was aware of actions against
16 Lona Levitt. It was Laurel Sullivan who told me that the
17 Guardian's office had an assassination planned --

18 MR. LITT: Objection; nonresponsive. Move to strike.
19 The question was lawsuits.

20 THE COURT: Well for the moment we will limit it to
21 lawsuits. Limited to lawsuits at the moment.

22 THE WITNESS: I had not heard about a lawsuit
23 specifically, although it very easily may have been on the
24 list which I got from Ann Mulligan. Again I don't recall
25 names from that list.

26 Q BY MR. FLYNN: In connection with this assassinatio
27 attempt, did Laurel Sullivan tell you that the individual
28 who was involved had turned himself into the Toronto police?

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1 MR. HARRIS: I will object; calls for hearsay.

2 THE COURT: Well, assumes a fact not in evidence.

3 Q BY MR. FLYNN: Did you have any conversation
4 with Laurel Sullivan about whether or not the individual
5 who was involved in the Guardian's office in the assassination
6 attempt had turned himself into the Toronto police?

7 MR. HARRIS: Same objection; hearsay.

8 THE COURT: Well it would be received only to show
9 his state of mind, but we struck the point -- the part about
10 there possibly being such an action. I don't know whether
11 there was or there wasn't.

12 Certainly whether he was aware in December '81
13 when he left or shortly thereafter would be relevant or
14 admissible to show his state of mind.

15 Q BY MR. FLYNN: What was your state of mind
16 with regard to that, Mr. Armstrong, as to whether or not an
17 individual had turned himself into the Toronto police?

18 A I did not hear of that. Laurel told me that the
19 Deputy Deputy Guardian US, second in command in the United
20 State's office, had told her about the assassination plan
21 and that was Duke Snyder or the information came from
22 Duke Snyder. Whether or not there was -- I don't recall right
23 now if she said it was him talking to her or if it came out
24 of his Sec checks, but in any case the information surfaced as
25 a result of the investigation being done out at Gilman Hot
26 Springs.

27 Q Now were you aware of a lawsuit against Robert
28 Kaufman, former member of the organization, when you left

1 the organization?

2 A I'd heard of this lawsuit against Kaufman, yes.

3 Q And how about Lucy Garritano?

4 A Well, I knew of something with the Garritano
5 family, but not specifically on that. Kaufman I did know
6 for a fact.

7 Q Peter Graves?

8 A I did not know the name at that time.

9 Q James Gervais?

10 A I don't know if I knew the name at the time
11 or not.

12 Q Now did you know what had been done to an
13 individual named Allard in the early '70's, late '60's?

14 A I knew something about what had been done.

15 Q Were you aware that approximately 18 lawsuits
16 had been brought against Paulette Cooper, a journalist?

17 A I did not know the figure. I know of lawsuits
18 against her.

19 Q And what was your state of mind with regard
20 to whether those lawsuits had been brought to harass her?

21 A Well I knew that that was the policy of the
22 organization.

23 Q And what if any understanding did you have with
24 regard to the number of lawsuits that had been brought against
25 Michael Flynn, Mr. Armstrong?

26 A I didn't know anything about that at the time,
27 although again it could have been included in this list.

28 Q And had you read the Level O checksheet by

1 L. Ron Hubbard?

2 A At some time I believe I did, yes, at least a
3 lot of it.

4 Q And were you aware of Mr. Hubbard's views at
5 the time that, "The law can be used very easily to harass and
6 enough harassment of someone can destroy them"; on page 55 of
7 Level 0 checksheet?

8 A I had read this.

9 Q And you generally knew about the type of
10 activities the Guardian's office was engaged and similar to the
11 type that is set forth in the Assistant Guardian's full hat that
12 has been marked as an exhibit in this; is that correct,
13 Mr. Armstrong?

14 A Yes.

15 Q And were you familiar with HCO policy letter
16 of 1 March, 1966, The Guardian?

17 May that be marked next in order?

18 THE COURT: Triple U.

19 MR. HARRIS: May I see the page you were referring
20 to?

21 MR. FLYNN: 55.

22 Q Are you familiar with the policy set forth in
23 triple U, Mr. Armstrong?

24 A Yeah, I have read it.

25 Q And were you aware in 1980-1981 that the
26 Guardian's office has the power to control all Scientology
27 organizations?

28 MR. LITT: Was he aware or did he believe it?

1 THE COURT: All right. Assumes a fact not in evidence
2 as phrased.

3 Q BY MR. FLYNN: Well, you were familiar with the
4 policy; is that correct, Mr. Armstrong?

5 A Yes.

6 Q What was your understanding of the policy,
7 The Guardian, in 1980-1981 with regard to the powers of the
8 Guardian's office?

9 A 1980 the Guardian's office had tremendous power
10 and could at that time, except for the CMO and the personal
11 office of L. Ron Hubbard, they had virtually absolute control.

12 However, around that time a second body grew
13 in power underneath Mr. Hubbard, and that was the CMO,
14 particularly with DC and the people in the special project
15 from within the latter group came a group of individuals who
16 were able to disintegrate the Guardian's office and take over
17 the control which they had previously had so that the control
18 of Scientology organizations and Scientology bank accounts
19 then shifted to the new group which was the special project
20 personnel, which in 1982 became RTC and ASI.

21 Q Do you know whether the appointment of
22 Bill Franks as executive director of the organization related
23 to the removal of Mary Sue Hubbard from her post as Controller?

24 A I don't have the specific connection myself
25 personally. I knew that it was around the same time, and I
26 heard at the time of the removal of Mary Sue Hubbard, but I
27 did not see anything myself relating to that.

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1 Q Now, you testified about the fact that you were
2 concerned that in March, 1982 the archives in the possession
3 of Mr. Garrison would be stolen by the organization; do you
4 recall that?

5 A Yes.

6 Q Now, at that time were you aware of policies of
7 the organization to steal files?

8 A Yes.

9 Q And referring you to exhibit HHH, the Information
10 Full Hat of the United States Guardian's Office, on page 6,
11 under the drilling procedures for investigation, No. 8,
12 No. 9, "Dispatch 9 March, '70 re successful and unsuccessful
13 actions"; do you see that?

14 A Yes.

15 MR. FLYNN: I have a document, Your Honor, entitled
16 "9 March, '70 re successful and unsuccessful actions,"
17 addressed to "Dear Jane."

18 Q To your knowledge was Jane Kember the Guardian
19 Worldwide at the time, Mr. Armstrong?

20 A Yes.

21 MR. LITT: At what time?

22 THE COURT: 9 March, '70.

23 MR. FLYNN: 9 March, '70.

24 MR. HARRIS: Are we marking this, Your Honor?

25 MR. FLYNN: May this be marked next in order, Your
26 Honor?

27 THE COURT: VVV.

28 MR. HARRIS: May I Voir Dire the witness on this,

1 Your Honor?

2 THE COURT: Yes.

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VOIR DIRE EXAMINATION

5 BY MR. HARRIS:

6 Q Prior to leaving the Scientology organization,
7 Mr. Armstrong, had you seen this document as exhibit ZZZ?

8 THE COURT: No; VVV.

9 MR. HARRIS: Sorry. VVV.

10 THE WITNESS: It is over here.

11 Q BY MR. HARRIS: Were you just looking at it?

12 A A second only.

13 MR. FLYNN: Those pages may be mixed up, may not be
14 in order, Your Honor.

15 The copy that I have, the pages are out of order.

16 THE WITNESS: Yes. I had seen this.

17 MR. HARRIS: Thank you, Your Honor.

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REDIRECT EXAMINATION (Resumed)

20 BY MR. FLYNN:

21 Q Now, referring you to what is your copy, the third
22 page, there is a list of successful actions by the B-1 Branch
23 of the Guardian's Office. And among them are direct theft
24 of documents; do you see that, Mr. Armstrong?

25 A I think this is one of the unsuccessful actions.

26 Q I think they are out of order. I think that is
27 one of the successful ones.

28

That page should be page 2, Your Honor.

8-3 1 Q It appears connected to the exhibit as page 3,
2 but I believe it is page 2.

3 MR. LITT: Your Honor, Mr. Flynn is not testifying.
4 And you cannot tell from the documents if the witness cannot
5 tell what order it goes in.

6 MR. FLYNN: I have a better copy where the page numbers
7 are more clearly set forth, Your Honor, which I'll represent
8 to the court I'll find. But I'm very familiar with this
9 document.

10 THE COURT: Well, let's do something with it.

11 Q BY MR. FLYNN: Mr. Armstrong, do you know whether
12 the Guardian's Office was involved in direct theft of
13 documents during the 1970's?

14 A Yes.
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1 Q And when you and Mr. Garrison in March 1982 were
2 concerned that the documents he had would be stolen by the
3 Guardian's office, is that when they were brought to
4 Mr. Crago's apartment?

5 A No, that was some time later. That is when I
6 began the copying of them from Mr. Garrison.

7 Q In order to make a duplicate set?

8 A Right.

9 Q And when you sent the documents to my office
10 in connection with this case, were you aware that the Guardian's
11 office had policies such as set forth in exhibit triple V
12 to steal documents?

13 A Yes.

14 Q Now, Mrs. Hubbard testified yesterday about
15 processing files; do you recall that?

16 A Yes.

17 Q And she said that processing files were not
18 auditing files; do you recall that, Mr. Armstrong?

19 A I recall that.

20 Q Is that true?

21 A No.

22 Q And are you familiar with a book "Dianetics
23 and Scientology Technical Dictionary"?

24 A Yes.

25 Q And on page 317 of that book under the definition
26 of "Processing," it is called "Auditing by which the Auditor
27 Listens and Commands"; is that correct?

28 A Yes.

1 Q Now are there numerous references to your
2 knowledge in Scientology literature about processing being
3 auditing?

4 A Many.

5 MR. FLYNN: And, Your Honor, rather than mark the book,
6 I have a copy. May that be marked next in order?

7 THE COURT: Yes; triple W.

8 Q BY MR. FLYNN: What was the title of the
9 individual in the organization, Mr. Armstrong, who maintained
10 possession of auditing files?

11 A The person who maintained possession?

12 Q Of the auditing files.

13 A Well they were generally stored in a -- the
14 bulk of them were kept in a storage area because of the mass
15 of them, and generally Tech Services would be the people
16 to retrieve on command all the auditing files. There would
17 be an individual file or files which would be kept with the
18 auditor, with the CS during a particular auditing action.
19 The bulk of the files or back files or old auditing files
20 would be kept in storage.

21 Q And based on your experience in Scientology
22 between 1970 and 1981, did the term "Processing" apply to
23 auditing?

24 A Yes.

25 Q And were processing files auditing files?

26 A Yes.

27 Q Now, several letters, I believe approximately
28 10 letters, were marked as defense exhibits under seal by

1 Mr. Litt between Mary Sue Hubbard and L. Ron Hubbard that
2 you were questioned about; do you recall that?

3 A Yes.

4 THE COURT: Did you mean defense exhibits or plaintiff's
5 exhibits?

6 MR. FLYNN: I am sorry, Your Honor. Intervenor's
7 exhibits.

8 THE COURT: All right.

9 Q BY MR. FLYNN: And those come from a large group
10 of letters that are under seal that have not been brought up
11 to the courtroom that the defense has not marked as exhibits;
12 is that correct?

13 A Yes.

14 Q Would you give the court an estimate of how
15 many letters between Mary Sue Hubbard and L. Ron Hubbard are
16 under seal from the archives?

17 A Between the two of them back and forth, I'd say
18 maybe a couple of hundred.

19 Q In terms of inches high, is it somewhere between
20 six to ten inches of letters?

21 A Well it would be closer to six, I think. I
22 don't think there was 10 inches.

23 Q Now are you familiar with those letters?

24 A To some degree, yes.

25 Q And were you authorized, Mr. Armstrong, to
26 give those private letters to Mr. Garrison?

27 A Yes.

28 Q And, in fact --

1 MR. LITT: Your Honor, I am going to move to strike
2 the last, the term "authorize" is vague. He's already
3 testified as to what the factual situation was. Authorization
4 is a conclusion.

5 THE COURT: He can state his state of mind. Received
6 for that purpose.

7 Q BY MR. PLYNN: With regard to plaintiff's
8 exhibit 7 page 2 paragraph 2, "It is our understanding that
9 the cooperation to be given Mr. Garrison by CSC will include
10 the following: Providing Mr. Garrison access to archives and
11 records including FOI documents" -- that is freedom of
12 information?

13 A Yes.

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1 Q Private papers, letters, photographs, laws,
2 legal papers and the like; is that correct?

3 MR. LITT: Objection. The document speaks for itself.

4 THE COURT: It goes to his state of mind, his belief,
5 what he was relying upon.

6 Overruled.

7 Q BY MR. FLYNN: Did anyone ever, throughout the
8 period of time you were working on the project, prevent you
9 from giving those letters to Mr. Garrison?

10 A No.

11 Q Did Mary Sue Hubbard ever tell you not to give
12 them to Omar Garrison?

13 A No.

14 Q With regard to the letters that are downstairs
15 that have not been brought up, do you have a general
16 understanding of the contents of those letters?

17 A General, yes.

18 Q And in general are those letters personal, or
19 do they relate to the business of running the Church of
20 Scientology?

21 A Well, there is a great deal of business that is
22 included in those letters. Specific -- the majority of the
23 letters from Mr. Hubbard to Mrs. Hubbard and a great number
24 of them postdate the '66 resignation.

25 Thereafter, a great percentage of the letters
26 are devoted to business, the operation of the organization
27 and transfers of money and so on.

28 There is within each letter or, at least to some

1 degree, there is an aspect of -- what could be called
2 personal and nonbusiness, when they are talking about kids,
3 that sort of thing. I would not call that organization
4 business. But I would say that the majority of the pages
5 are devoted to business.

6 Q So after 1966, at least through your experience,
7 between 1970 and 1981 was it your understanding that
8 Mrs. Hubbard and Mr. Hubbard together ran the Church of
9 Scientology?

10 A Well, they were the top two, definitely.
11 Mr. Hubbard was senior; so he controlled her.
12 She did not control him. It was not a partnership. But under
13 him she controlled the Guardian's Office. So she controlled
14 that aspect of the organization.

15 Q So in your experience the affairs of Mary Sue
16 Hubbard and L. Ron Hubbard with regard to the operation of
17 the Churches of Scientology were mixed together, at least
18 between 1970 and 1981 to some degree; is that correct?

19 A Yes.

20 Q And do the letters basically reflect that,
21 Mr. Armstrong?

22 A Yes.

23 Q And what is the reason that those letters were
24 selected to be sent to me by you?

25 A Well, I guess they were what I had. But I --
26 the significance of those letters to me was that they showed
27 that very thing; they showed that he used Mary Sue in a way
28 from the organization to control the organization during

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1 that period, during a period when he was telling people he
2 no longer managed Scientology organizations and that he didn't
3 control them.

4 Q Who was the first Guardian of the Church of
5 Scientology to your knowledge?

6 A Mary Sue Hubbard.

7 Q And pursuant to this HCO policy letter of
8 1 March, 1966 marked as exhibit UUU, the office of the
9 Guardian is located in the office of LRH; is that correct?

10 A Yes.

11 Q And who was the only -- pursuant to that policy
12 the only senior executive to the Guardian at that time,
13 Mr. Armstrong? Referring to the second paragraph.

14 A The executive director.

15 Q And Mr. Hubbard resigned as executive director
16 in 1966 supposedly?

17 A That is what he said, yes.

18 Q In practice, that isn't what happened per your
19 observations; is that correct?

20 A Correct.

21 Q Who is the next executive director of the
22 organization to your knowledge appointed in 1981?

23 MR. LITT: Objection. Asked and answered.

24 This was asked, I believe, yesterday of
25 Mr. Armstrong. I may be wrong about that.

26 THE COURT: I think he asked that of Mrs. Hubbard; she
27 didn't know, or something, didn't remember.

28 MR. LITT: My mistake, Your Honor.

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1 Q BY MR. FLYNN: Who was the next executive?

2 A The next one was Bill Franks.

3 Q In 1981?

4 A I believe it was mid-'81.

5 Q And is that the same Bill Franks that was locked
6 up at Gilman Hot Springs in November of 1981, about the time
7 you left the organization?

8 MR. HARRIS: I object. That assumes facts not in
9 evidence except Mr. Flynn's statement of it.

10 THE COURT: Sustained.

11 Q BY MR. FLYNN: What was your state of mind in
12 November, 1981 as to whether Mr. Franks, executive director
13 of Worldwide of the Church of Scientology, was locked up at
14 Gilman Hot Springs?

15 A Was that yes, he was or had been.

16 Q Now, Mr. Litt referred to a number of documents
17 that -- such as manuscripts, Excaliber, items of that nature
18 that you sent to my office; why did you send those to my
19 office, Mr. Armstrong?

20 A Well, I sent everything to you because I was
21 afraid and I was seeking assistance. And I thought that the
22 documents would be safest with you. And I -- everyone I was
23 connected with would be safest doing that.

24 Some of the materials I sent to you at a time
25 when I just sought to get everything out of the house which
26 still remained.

27 I had sent you on a more methodical basis at one
28 point and then I just couldn't take the pressure any more

10-5 1 and I just wanted to get rid of everything. So some of those
2 materials I had not gone through or in the depth that I had
3 gone through some of the materials. And some of it I had
4 not even looked at, but I just included it in the end of the
5 materials just to send to you.

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1 Q And you had been accused of stealing all of
2 these materials when you sent them to me; is that correct?

3 A That was my feeling after getting the Declare
4 and beginning to understand where the organization was coming
5 from regarding this whole thing and all the charges laid out
6 on that Suppressive Person Declare.

7 Q Now you included letters from Mr. Hubbard's
8 first wife, do you recall, that you sent to my office or the
9 office of Contos & Bunch?

10 A Yes.

11 Q And did those letters show the chronology of
12 Mr. Hubbard's life, where he had been and dates and things of
13 that nature?

14 A Yes.

15 Q And was that one of the reasons they were
16 involved in the biography project?

17 A Well, yes. I mean, they contained essential
18 information the man's life from 1932 through just about, I
19 guess, 1947, so a big period of his life was contained in
20 that correspondence.

21 Q Now did a number of those letters such as what
22 has been marked as exhibit 500 30, exhibit 500 31 and exhibit
23 500 29 relate to the period between 1938 and 1941 when
24 Mr. Hubbard had supposedly received \$10,000 from Warner Brothers
25 that he put into a bank account that he said in a dispatch in
26 1980 that he used after the war to take a Caribbean cruise?

27 MR. LITT: Objection; misstates the evidence.

28 THE COURT: He is asking a question. Which is your

1 problem, when he put it in the dispatch?

2 MR. LITT: No. The dispatch that he is referring to
3 doesn't say what he says it says, and he is asking a question
4 saying that it says it.

5 THE COURT: Well it is probably compound.

6 MR. FLYNN: Can we have the dispatch, Your Honor?

7 THE COURT: Do you have a number on it to identify
8 it? We have got a few exhibits here.

9 MR. FLYNN: May we also have the plaintiff's 29, 30 and
10 31? It is exhibit T.

11 THE COURT: Are you talking --

12 MR. FLYNN: I am sorry, it is 500.

13 THE COURT: We will take a 10-minute recess.

14 (Recess.)

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1 THE COURT: We are back in session.

2 The witness has retaken the stand.

3 State your name again for the record, sir. You
4 are still under oath.

5 THE WITNESS: Gerald Armstrong.

6 THE COURT: You may continue, counsel.

7 Q BY MR. FLYNN: The Dive Bomber letter of
8 11 February, 1980 marked as 500-DD, Mr. Armstrong, indicates
9 that Mr. Hubbard received the money from Warner Brothers that
10 you previously testified about just prior to shipping out
11 for the South Pacific as a Naval officer when he was closing
12 up his New York Riverside Drive posh apartment; that would
13 be sometime in late 1941; is that correct?

14 A Yes.

15 Q When was Dive Bomber supposedly written by
16 Mr. Hubbard?

17 MR. HARRIS: Per that exhibit, Your Honor?

18 Q BY MR. FLYNN: To your knowledge.

19 THE COURT: Based upon your review of everything that
20 you have reviewed.

21 THE WITNESS: The only thing I found regarding Dive
22 Bomber was a -- something that appeared in a pulp magazine
23 some years before. And I believe it was 1936 or 1937. It
24 was not -- the Warner Brothers Dive Bomber, I believe, came
25 out -- was released in 1940. That is what I know about it.

26 Q BY MR. FLYNN: All right. Now, how much money
27 had Mr. Hubbard stated that he had received for writing the
28 screen play for the movie Dive Bomber?

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1 MR. HARRIS: Again, in that exhibit, Your Honor, or
2 just from general knowledge of the witness?

3 Q BY MR. FLYNN: What was your understanding,
4 Mr. Armstrong?

5 A Well, there was -- a tape, a lecture, in which
6 he said he had received \$10,000.

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1 Q Now did you go through the letters to
2 Mr. Hubbard's first wife to ascertain his financial condition
3 based at least as set forth in those letters between 1937 and
4 1945?

5 A Well, I never went through this specifically
6 to find that out. However, I was able to pretty well ascertain
7 his financial position throughout that period from those
8 letters.

9 Q And from letters, what was your understanding
10 as to what Mr. Hubbard's financial condition was during that
11 period when he supposedly received the \$10,000?

12 A Well he was continually claiming that he was
13 broke or near broke throughout that period.

14 Q And did you find that to be inconsistent with
15 his claim that he had received \$10,000 and closed up a posh
16 New York apartment as set forth in exhibit 500 double D?

17 A Yes.

18 MR. HARRIS: Just so we are clear, Your Honor, the
19 \$10,000 does not appear in exhibit double D.

20 THE COURT: All right, it speaks for itself.

21 Q BY MR. FLYNN: Now is there a letter under seal
22 from Mr. Hubbard's father which sets forth where he was
23 basically and what he was doing between 1925 and 1929 before
24 attending George Washington University?

25 A I don't know if all those years are included
26 in that, but there is a letter from Harry Hubbard regarding
27 where Mr. Hubbard was; that is, L. Ron Hubbard was during
28 at least some of that time.

1 Q And does that letter indicate what schools
2 Mr. Hubbard had attended and what instruction he had received
3 or tutelage he had received from his mother?

4 A I don't know if all the schools are included
5 in there or not. There is a description of what he had done
6 and the reason why his school record was what it was.

7 Q Now, Mr. Harris showed you what has been marked
8 exhibit 62. It is not under seal, I understand, and you
9 recognize that to be a journal of Mr. Hubbard; is that correct?

10 A Yes, it contains, I believe, two things in
11 there; journal notes and then what appears to be fiction notes.

12 Q Now, in the various biographies of Mr. Hubbard,
13 it was your understanding that he had claimed that between the
14 years 1925-1929 he was "traveling throughout Asia absorbing
15 the wisdom of the East" as set forth in many of those
16 biographies; is that correct, Mr. Armstrong?

17 A Basically, yes.

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1 Q And you found that he had gone on a two-week YMCA
2 trip to China; is that correct, at one point?

3 A Yes.

4 Q Now, directing your attention to the last page
5 of exhibit 63, the journal, did Mr. Hubbard make a notation
6 as to some of his observations about China?

7 A Well, there's one observation. I don't know if
8 the first one refers to the Chinese, but very possibly
9 because there are similar comments elsewhere.

10 Q And this comment was, Mr. Armstrong?

11 A "The trouble with China is there are too many
12 Chinks here."

13 Q And how old was Mr. Hubbard at the time?

14 A He would have been about seventeen and a half.

15 Q And this is when he had flunked out of two high
16 schools at this point; is that correct?

17 A I don't know about the second one. I have heard
18 that. But the one, yes.

19 Q And what was your state of mind when you read
20 that with regard to Mr. Hubbard absorbing the wisdom of the
21 East?

22 A Well, that tied in with the description of the
23 Llamas as voices sounding like bull frogs. It just did not
24 agree with the picture of studying underneath Llama priests
25 in Tibet and in India and what appears in the mini-biographical
26 sketches to be a period in which he completely immersed
27 himself in the Eastern philisophy; just was not the case.

28 Q Now, you were questioned about wage vouchers

1 that you had received from the Church of Scientology of
2 California. You had testified previously in this case that
3 you didn't receive any wage vouchers; do you recall that,
4 from CSC, from the Church of Scientology of California?

5 A Okay.

6 Q Did you make a mistake in that testimony?

7 A Obviously.

8 Q Had you previously testified in a deposition that
9 you had some memory of receiving some wage vouchers from the
10 Church of Scientology of California?

11 A Well, that I had a memory of something to that
12 effect. That would have been the only period as far as I
13 know when I might have gotten a wage voucher from the Church
14 of Scientology of California. And even then I wouldn't have
15 paid that much attention to it. But something like that came
16 up in a deposition as to who I was working for at some given
17 time.

18 Q Now, for the bulk of time while you were in the
19 organization you received blank wage vouchers as you have
20 testified; is that correct?

21 A Yes.

22 Q And you went through all the organizations that
23 were the cover story such the Friends of Norton Karno; the
24 Scottish Highlands Quietude Club; the OTC; the Friends of
25 Mr. Schneider's Uncle; do you recall all that?

26 A Yes.

27 Q Now, the ones that you received from Church of
28 Scientology of California marked as exhibit 54 were in 1977;

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1 is that correct, for the most part?

2 A Yes.

3 Q Now, at that time, Mr. Armstrong, where were
4 you?

5 A I was in the RPF in Clearwater.

6 Q And was that one of the few periods throughout
7 your stay in Scientology other than 1980-1981 when
8 Mr. Hubbard left that you were away from Mr. Hubbard?

9 A Yes -- well, there was a period of time in 1972
10 and part of 1973 when Mr. Hubbard was gone from the ship.
11 So I was not in direct communication with him then, but the
12 rest of the time, '71 through '75 -- '70 -- this would have
13 been the only period of time, yes.

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1 Q And when you were on the ship, you were employed
2 by OTC; is that correct?

3 A Yes. At one level, yes, employed by them.

4 Q Now you were in the RPF in 1977 in Clearwater;
5 is that correct?

6 A Yes.

7 Q And thereafter when you rejoined Mr. Hubbard
8 at Gilman Hot Springs and at La Quinta, you received blank
9 wage vouchers; is that correct?

10 A Yes.

11 Q In general, Mr. Armstrong, what was your state
12 of mind while you were in the RPF?

13 THE COURT: About what?

14 Q BY MR. FLYNN: In retrospect, how do you view
15 the state of mind that you had at that time?

16 MR. LITT: Objection; ambiguous.

17 THE COURT: Well, I suppose he could spend a week
18 telling us about all the different ideas that he had at
19 different times during that year and a half or whatever it was.
20 Maybe you could be a little more specific, Mr. Flynn.

21 Q BY MR. FLYNN: Did you feel that you were in a
22 very degraded condition at that time, Mr. Armstrong?

23 A Yes.

24 Q And that was when you were undergoing the
25 list one rock slam project sec checking?

26 A The list one rock slam project sec checking
27 began the beginning of '77 after I had been in the RPF, I
28 guess about six months at that time. The whole experience

1 was degrading.

2 Q Now, you were questioned about a letter that you
3 had written to, I believe it is, Gale Irwin relative to
4 your wife Joscelyn becoming involved in illegal activities; do
5 you recall that?

6 A Yes.

7 Q And Mr. Harris questioned you about that letter,
8 and that letter has been marked as exhibit double H.
9 Mr. Harris questioned you about lies that you had told and
10 testified about prior to writing that letter while you were in
11 the organization; do you recall that?

12 A Yes.

13 Q Now, in 1980-1981 did you have a developing
14 awareness of the illegal practices of Mr. Hubbard and the
15 Church of Scientology?

16 A Yes.

17 Q And as that awareness developed, were you
18 making an effort to resist those illegal practices?

19 A Yes.

20 Q And at that time did you feel that you had
21 tried to resist the illegal practices in the past, but in
22 some cases you didn't and in some cases you did?

23 A Yes.

24 Q And what was your state of mind, Mr. Armstrong,
25 in 1981 when you wrote that letter with regard to what you
26 had seen the organization lie about, what you had tried to
27 resist and what you had been involved in?

28 A Well, I had throughout that period -- it had

1 become increasingly apparent to me that the organization had
2 for years been involved in illegal activities and that I had
3 contributed to those illegal activities, which hadn't resulted
4 in anything decent, any furtherance of civilization or
5 helping mankind at all.

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1 And I became increasingly aware that it didn't
2 make any sense. And when my wife was asked to do these
3 things and she was not knowledgeable of what was illegal or
4 legal and nor was I, I was put in positions continually,
5 asked to do things which were illegal or borderline illegal
6 or at least shady.

7 And I had seen that the top 11 Guardian Office
8 personnel had been convicted by this point. And the
9 organization had completely turned against them and was
10 carrying out the PR line that they were operating
11 independently.

12 Hubbard had -- it had come up right at the
13 beginning with Omar Garrison where Omar Garrison had been
14 continually asked when he did a tour for the book "Playing
15 Dirty," he was continually asked the question as he related
16 it to me, "Why did Mr. Hubbard, why did this guy let his wife
17 take the rap?"

18 And I saw that the organization had deserted
19 these people; that they claimed that they had acted
20 independently; they had turned them into scapegoats. And
21 I saw that the same thing would happen to anyone within the
22 organization who did something illegal for Mr. Hubbard; that
23 he later would not be around and the person would individually
24 take the rap. And I thought it was unjust, unfair. And I
25 didn't want to do it.

26 Q Now, you were shown by Mr. Harris exhibit 39 which
27 is Flag Order 3395, "Regulations and Laws Obedience 2."

28 Now, that is dated 27 October, 1973; did you

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1 see that on board the ship, Mr. Armstrong, that exhibit?

2 A Verly likely; either this or something really
3 similar.

4 Q Now, does that exhibit reflect what in actual
5 practice took place on board the ship with regard to obeying
6 the laws?

7 A This was a policy which was to be obeyed whenever
8 possible. And if you didn't obey it, then the rule was don't
9 get caught.

10 Q Was that in itself a shore story?

11 A Yes. This -- the whole idea, there are
12 contradictions of this exact thing in one of the policies
13 often quoted by Scientology called the "Simon Bollivar
14 Policy." In which it lays down a completely different
15 picture.

16 Q In the various -- well, the assistant Guardian's
17 Information Full Hat, in the training procedure set forth
18 in there that were in the Port Captain's office in 1974, were
19 these contrary to that policy?

20 A Yes.
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1 Q And Mr. Harris showed you an exhibit No. 47,
2 HCO policy letter of 23 April, 1973 "Understanding Corporate
3 Integrity"; do you recall that?

4 A Yes.

5 Q And do you recall seeing that at the time?

6 A Well, it is very possible. This was published
7 when I was on the ship and -- yeah, I am pretty sure that I
8 saw it at the time, uh-huh.

9 Q Now, what was your state of mind at that time
10 with regard to whether or not Mr. Hubbard was promoting
11 corporate integrity?

12 A Well this period of time is a bit confusing to
13 me, and it is confusing because I was believing in the man
14 and I was believing in his integrity, and it looked like
15 corporate integrity should be a part of that whole
16 Scientological view of integrity. But this whole policy here
17 is a sham.

18 The perception I began to have about corporations
19 in Scientology was simply that they were used as covers of
20 various sorts, and I even walked away from Scientology with the
21 idea that all corporations were means of carrying out fraud
22 and that is what this is.

23 Q In 1980-1981 when you collected the documents in
24 the archives project that related to various Scientology
25 corporations over a period of 30 years, did you develop a
26 state of mind as to whether or not there had been any
27 corporate integrity in any Scientology corporations based on
28 the documents that you had seen?

1 A I knew there was absolutely none. I knew that
2 the -- that that was the -- what had been the case. It was the
3 reason that MCCS got started. It was apparent to anyone in
4 the organization who had anything to do with the legal
5 activities of the organization. They knew that the board of
6 directors were figureheads. They had no power whatsoever,
7 and that the whole thing depended on L. Ron Hubbard and his
8 authority.

9 Q Now you had previously testified that in your
10 mind the documents that are under seal are replete with
11 dishonesty and dishonest practices by Mr. Hubbard; is that
12 correct?

13 A A lot of them, yes.

14 Q And are you familiar with a phrase of
15 Mr. Hubbard's that "honesty is the road to sanity"?

16 A Yes.

17 Q And you did a "Success Story" marked exhibit 53
18 for the RPF; is that correct?

19 A Yes.

20 Q And you have testified already about the practice
21 of success stories being required and in the last sentence
22 you state, "And to LRH who has given me my sanity and given
23 me the tech with which to help him in his goals for man."

24 Did you consider your sanity connected to your
25 honesty, Mr. Armstrong?

26 A Yes.

18-1

1 Q And in 1980-1981 when you collected these several
2 hundred thousand documents that are under seal that revealed
3 these dishonest practices of Mr. Hubbard, did you consider
4 that the road to sanity was for you to correct that
5 dishonesty?

6 A It has been a big part of my action from 1980
7 onward.

8 The man said that if you allow someone to be
9 dishonest, you set him up to be physically ill and unhappy.

10 L. Ron Hubbard is physically ill and he is
11 unhappy. And that is because each one of us inside the
12 organization allowed him to be dishonest and to rip us off
13 and to rip off hundreds of thousands of people for millions
14 of dollars for many years.

15 Q And you were asked a series of questions by
16 Mr. Harris about Tanya Burden; do you recall that?

17 A Yes.

18 Q You were shown an affidavit that you signed on
19 April 12, 1980 which has been marked as exhibit 48 in this
20 case. And you testified that that was signed for the
21 organization to assist in the defense of the Burden case;
22 is that correct?

23 A Yes.

24 Q Now, is that statement accurate, Mr. Armstrong?

25 A No.

26 Q And was Miss Burden required to sign nondisclosure
27 and release bonds and promissory notes and given, for example,
28 a \$61,000 bill for undergoing RPF in Clearwater?

1 A Undoubtedly.

2 MR. LITT: Objection. Move to strike as a conclusion.

3 THE COURT: I'll strike it as a conclusion of the
4 witness.

5 MR. FLYNN: I would like this exhibit collectively
6 marked as next in order, Your Honor.

7 MR. HARRIS: May I have one? What is it?

8 Q BY MR. FLYNN: Miss Burden was with you in the
9 RPF in Clearwater; is that correct?

10 A Yes.

11 Q And then you went and picked her up in Las Vegas
12 and took her to Los Angeles; is that correct?

13 A Yes.

14 Q And you turned her over to the RPF in Los Angeles;
15 is that correct?

16 A Yes.

17 Q And do you know whether she was Sec Checked in
18 Los Angeles?

19 A I never attended the Sec Check. I understand
20 she was.

21 I turned her over with the intention that she
22 be -- I know she was audited. And I assumed she was Sec
23 Checked.

24 MR. LITT: Objection, Your Honor.

25 Q BY MR. FLYNN: Now --

26 MR. LITT: Just a moment, please, Mr. Flynn.

27 Your Honor, I would move to strike the answer.

28 The witness did not state that he has any personal knowledge.

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And the question called for his personal knowledge.

THE COURT: He said that he knew she was audited.

I'll strike whatever he said afterwards as an assumption that he might have of some experience based upon personal experience on that subject.

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1 Q BY MR. FLYNN: Was it your understanding that
2 she was taken to Los Angeles to be sec checked, Mr. Armstrong?

3 A Yes.

4 Q And it was your orders to go pick her up and
5 take her there; isn't that correct?

6 A Yes.

7 Q And do you recall whether it was on or about
8 December 17, 1977 that she was taken to Los Angeles and
9 security checked?

10 MR. HARRIS: Again that assumes a fact not in evidence.

11 THE WITNESS: I don't recall the date, whether or not
12 it was December 17th or not.

13 Q BY MR. FLYNN: Was it December 1977?

14 Q Now you had been on the ship with Miss Burden;
15 is that correct?

16 A Yes.

17 Q And how old was she on board the ship?

18 A She was just a little girl then, maybe -- boy,
19 14, 15.

20 Q And based on your observations, what were her
21 duties?

22 A Well, the main duties that I saw, she was
23 cleaning senior, CMO personnel's rooms, taking care of their
24 laundry, and she also was a junior watch messenger which
25 meant that she worked one of the watch shifts as a messenger
26 for Mr. Hubbard.

27 Q And do you know of any personal services she
28 gave to Mr. Hubbard such as dressing him in the morning?

1 A I would not have seen that. I did see her with
2 him a great deal and would have seen personal service, but
3 not the dressing part.

4 Q Based on your observations, when she was working
5 as a junior watch messenger, approximately how many hours a
6 day, how many days a week was she working?

7 A Just on watch or the whole range of work?

8 Q The whole range of work.

9 A She would have put in a very long day. I
10 can't tell you exactly the hours, but she probably worked 12
11 hours a day, studied a couple of hours a day.

12 Q And how many days a week?

13 A Well, if she was good and her stats were up,
14 she would have gotten a day off every two weeks.

15 Q And how much was she receiving in pay per week
16 for the Operation Transport Corporation for those labors?

17 A During the period of time when Tanya was on
18 board, I believe we began to be paid \$17.20 a week. I am
19 pretty sure that is what it was.

20 Q Now you have testified previously that there was
21 a practice of retaining personal belongings when a person
22 left the organization?

23 A Yes.

24 Q And do you know whether Tanya Burden's personal
25 belongings were kept?

26 A I don't have personal knowledge of that.

27 Q And the practice of signing nondisclosure and
28 release bonds when a person tried to leave the organization?

1 A It was standard.

2 Q And a practice of signing promissory notes to
3 the organization?

4 MR. LITT: What is the question?

5 Q BY MR. FLYNN: Were you aware of that practice,
6 Mr. Armstrong?

7 A Yes.

8 Q And do you know whether or not Tanya Burden on
9 December 17, 1977 in Los Angeles signed a \$50,000 promissory
10 note to the Church of Scientology of California?

11 MR. LITT: Objection. Mr. Flynn is asking questions
12 which he does not expect his own client to have the answer,
13 to essentially have himself testify.

14 Mr. Armstrong has said he doesn't know.

15 THE COURT: Well we got into this problem with this
16 declaration and then testifying to the truth or at least it
17 is averring that what was there was -- the declaration says
18 it is all true, and now he says it wasn't. He is bringing out
19 other evidence relative to it.

20 I don't know whether the witness knows about it
21 or doesn't know about it. Overruled.

22 Q BY MR. FLYNN: Was there a practice of signing
23 promissory notes and retaining personal belongings of people
24 who tried to leave?

25 A Yes.

26 MR. LITT: Objection; asked and answered.
27
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1 Q Was there a practice, Mr. Armstrong, of sending
2 bills to people who tried to leave?

3 A Yes.

4 Q And was there a practice of locking people up
5 who tried to leave?

6 A Yes.

7 THE COURT: How old was this girl in '77?

8 THE WITNESS: She -- I think she would have been about --
9 17 then, maybe 16 or 17. She was quite young.

10 Q BY MR. FLYNN: And when you left the organization,
11 Mr. Armstrong, did you make an effort to avoid all of those
12 practices?

13 A Yes.

14 MR. FLYNN: That is all I have, Your Honor.

15 THE COURT: Mr. Litt.

16 MR. LITT: Thank you, Your Honor.

17 THE COURT: Did you want this marked, Mr. Flynn?

18 MR. FLYNN: I would like to have it marked as next in
19 order, Your Honor.

20 THE COURT: Okay. XXX.

21

22

REXCROSS-EXAMINATION

23 BY MR. LITT:

24 Q Mr. Armstrong, you testified yesterday concerning
25 some pictures; do you recall that?

26 A Yes.

27 Q And you said that in your experience within
28 Scientology, that there were only certain pictures that were

1 approved for public use. I am referring to pictures of
2 Mr. Hubbard; is that correct?

3 A For publication.

4 Q When you say "publication," do you mean
5 carrying -- reprinting them?

6 A Yes.

7 Q Putting them in any magazines, whatever?

8 A Yes.

9 Q And I believe you said that there were about
10 12 such type photographs?

11 A Yes, something like that. There was 12 approved
12 at one point and then another couple of color prints were
13 released. And that is what there was.

14 Q Now, I gather you had some pictures that were
15 taken of your wedding on board the Apollo, your wedding to
16 Terri Gillam; that is her name then?

17 A Yes.

18 Q and these pictures, how did they get taken? Who
19 took them?

20 A Well, they were taken during the wedding and
21 after. Some of them were taken by Mr. Hubbard and some of
22 them were taken -- I know the name Chris Potter has come up.
23 And it is very likely that it was Chris Potter.

24 There may have been a second photographer as
25 well, but in any case, they were taken during the wedding
26 ceremony.

27 Q And this was on board the Apollo itself?

28 A Yes.

1 Q And in addition to pictures of Mr. Hubbard,
2 were there pictures of other people who were on board the
3 ship?

4 A Yes.

5 Q And were there other occasions on which
6 photographs like this were taken?

7 A Yes.

8 Q Now, this was at a time, as I understand it,
9 that the activities of the Apollo, as you described it, was
10 not to be publicly known as Scientology; is that right?

11 A By whom?

12 Q By persons other than within Scientology.

13 A Okay.

14 Q Wasn't that your testimony?

15 A Well, in 1974, the shore people were not told
16 that; correct?

17 Q I don't know. I'm asking you.

18 A I'm saying that is the way it was.

19 Q Now, these pictures that got taken, the ones
20 of your wedding, I take it that a gift was made to you of
21 a set of these photo albums or a gift was made to you and
22 your wife Terri?

23 A Yes.

24 Q Was there more than one set of photo albums that
25 was made a gift to you?

26 A Well, no; just one.

27 Q Was that the one that you later tried to sell?

28 A That is correct.

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1 Q And had you sent those pictures to your parents
2 as a portrait of your wedding?

3 A That is correct.

4 Q Now, when pictures were taken in settings
5 like this, they were for private use; is that correct?

6 A Okay.

7 Q Okay means yes?

8 A There wasn't any particular rule set down on
9 it.

10 Q But your understanding was that they were for
11 private use; correct?

12 A Yes.

13 Q It was your understanding that they were not
14 for publication; isn't that correct?

15 A That is correct.

16 Q And the photo album that you had that you tried
17 to sell had been given to you for personal use and not for
18 public dissemination; isn't that correct?

19 A That is correct.

20 Q Now, the Douglas' pictures that we have talked
21 about, you said that they were pictures, that part of them
22 were also taken of a wedding on board the ship; right?

23 A Yes.

24 Q And these pictures also had within them some
25 activity that came not in 1974 but substantially later; is
26 that right?

27 A The beginning of 1980.

28 Q And were these pictures of some kind of a party

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1 or something like that? I wasn't sure exactly what your
2 testimony was.

3 A There are party pictures; that is, pictures
4 taken at a table. I believe it is January 1st or the New Year's
5 party or something to that effect.

6 Q Were you present at that party?

7 A No.

8 Q And there were various pictures from this party
9 that were taken?

10 A Yes.

11 Q And that was the other half of the set of
12 photos from the Douglas's?

13 A I don't recall if there is a half, but --

14 Q Other part?

15 A Portion, yes.

16 Q And you indicated that there was one picture of
17 Mr. Hubbard with a croupier's hat?

18 A Yes.

19 Q And I take it there were pictures of other people
20 who were present at this private party in addition to
21 Mr. Hubbard?

22 A In some of the pictures, yes.

23 Q Now, you indicated that one of the -- by the
24 way, were the Douglases on staff when these pictures were
25 taken?

26 A Mr. Hubbard's staff?

27 Q Whatever staff they were on, Scientology staff;
28 right?

1 A They were Scientologists. They were working
2 for Mr. Hubbard.

3 Q They were out at Gilman Hot Springs?

4 A No.

5 Q Were they out at Gilman Hot Springs at the
6 party where the pictures were taken?

7 A No.

8 Q Do you know where the pictures were taken?

9 A In Hemet.

10 Q If I remember your testimony right, you
11 indicated that one of the reasons you believed that the pictures
12 were taken by whoever they were taken by, which I am not
13 clear on because they showed a picture of Mr. Hubbard gambling;
14 is that right?

15 A That could have possibly been a motive. I
16 really -- I have wracked my brain to try and come up with
17 something that makes a lot of sense, so I have a lot of motives
18 in my mind. That is a good chance.

19 Q And that was because, as I understand your
20 testimony, that there was a policy against gambling and this
21 picture showed Mr. Hubbard gambling; is that your reasoning
22 process?

23 A Basically, yes.

24 Q Now do you have any information about the
25 circumstances of this supposed gambling activity at this party?

26 A Some.

27 Q Are you aware whether, in fact, it was not
28 gambling at all, but whether or not Mr. Hubbard provided money

1 to people to engage in what was a pretend activity of gambling
2 as a party activity?

3 A I believe so.

4 Q But nonetheless, it is your feeling that because
5 there is some policy against gambling, that this would be
6 highly embarrassing or something to that effect; is that right?

7 A Well it may have been embarrassing. For some
8 reason, the people deemed it necessary to take the photos.

9 Q No, I am asking you. You reached conclusions,
10 Mr. Armstrong. I am asking you about your conclusions.

11 A Right.

12 Q Tell me about this policy against gambling. Is
13 there a Scientology policy that prohibits gambling?

14 A There is a policy or a technical bulletin called
15 "The Gambler."

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1 "The Gambler" was a -- it was a psychosis,
2 gambling.

3 Q So as I understand it, there is a policy
4 letter -- I take it this policy letter was written by
5 Mr. Hubbard?

6 A It is a technical bulletin, yes, by Mr. Hubbard.

7 Q And in this policy letter Mr. Hubbard says --
8 THE COURT: He makes a distinction between a policy
9 letter and a bulletin, counsel.

10 MR. LITT: I stand corrected.

11 Q In this bulletin, Mr. Hubbard says that gambling
12 is a psychosis; is that right?

13 A Something to that effect. I don't have it here
14 with me, but you get the idea that the gambler is a -- not
15 a particularly desirable characteristic.

16 Q Mr. Armstrong --

17 May this be marked Plaintiff's next in order,
18 Your Honor?

19 THE COURT: All right. 70.

20 Q BY MR. LITT: Is this the bulletin that you are
21 referring to?

22 A Yes.

23 Q And the first sentence of this bulletin says,
24 ". . .an obsessive gambler is a psychotic just like a drug
25 addict or an alcoholic"; is that correct?

26 A That is correct.

27 Q Is that the policy that you are referring to that
28 prohibited the type of gambling which would be exposed from

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1 this activity at Hemet on New Year's Eve?

2 A I think you have completely misinterpreted
3 everything I have said, Mr. Litt.

4 Q That's fine.

5 Is that the bulletin you are referring to?

6 A This is the bulletin about the gambler.

7 Q Fine. Now, was it your understanding that the
8 photos taken at this New Year's Eve party, just like your
9 own photos, were private photos taken for private use?

10 THE COURT: What are private photos?

11 A photo is a photo.

12 A person taking a picture, they have a negative
13 unless it is a Polaroid.

14 Is there anything about it that is stamped upon
15 it that says it is private and can only be used privately
16 forever ever after?

17 MR. LITT: I'm going to Mr. Armstrong's state of mind
18 as to whether or not --

19 THE COURT: He wasn't there.

20 MR. LITT: I understand that.

21 THE COURT: You can ask him whether or ^{not} Mrs. Douglas
22 told him something.

23 Is that who you got the photos from?

24 THE WITNESS: Those are the Douglasses, yes.

25 Q BY MR. LITT: Let's go to the Dincalcis' photos.
26 These were taken, you said, in New York in 1973?

27 A Yes.

28 Q Now, this was when Mr. Hubbard was with -- was

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1 with both Jim Dincalci and his wife, or just with Jim Dincalci
2 in New York?

3 A With Jim Dincalci.

4 Q Was anybody else with Mr. Dincalci at the time?

5 A Yes.

6 Q Do you know who that was?

7 A Paul Preston.

8 Q Were they the only two people that were traveling
9 with Mr. Hubbard at the time?

10 A Yes.

11 Q And were they, to your knowledge, acting as
12 personal aides to Mr. Hubbard?

13 A Yes.

14 Q And do you know anything about the circumstances
15 under which those pictures were taken?

16 A Only what Jim Dincalci told me.

17 Q You weren't there?

18 A No.

19 Q And I believe you testified that the -- that you
20 believed that one of the reasons that these photos would be
21 taken was because they showed Mr. Hubbard being in New York
22 in 1973?

23 A Well, that is a logical reason.

24 Q That was your conclusion as to one reason;
25 correct?

26 A Yes.

27 I have not concluded as to why they were taken.

28 Ultimately I just see it as an example of the Fair Game

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1 Doctrine. But this is within the organization's mind how
2 they are justifying these -- the theft of the photos.

3 Q You testified as to your conclusions or your
4 opinions, didn't you, as to why these were taken? Do you
5 remember that?

6 A As regard to what is in their minds.

7 Q I understand that that is what you were doing.
8 And I believe you said Mr. Hubbard's location was secret while
9 he was in New York and in your opinion this was one of the
10 reasons that the, "organization wanted to take the photos";
11 is that correct?

12 A It is possible, yes.

13 Q Are you aware that there has been substantial
14 testimony in a variety of cases well before this incident
15 concerning where Mr. Hubbard was in 1973 including the fact
16 that he was in New York?

17 A No.

18 Q Are you aware -- I believe you also testified
19 that it was your opinion or your conclusion that another
20 purported reason for taking these photographs was that it
21 showed Mr. Hubbard in Hemet or in Gilman Hot Springs or in
22 the desert at the beginning of 1980; is that correct?

23 A No. What I stated was I thought later of a
24 possible reason and that being that at the beginning of 1980
25 there is a great number of people identifiable as with
26 Mr. Hubbard. And I don't think I went into the location
27 because it wasn't in the desert. It was in Hemet. And the
28 possibility that the organization seeing this thought that

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it was somehow compromising or it was a contradiction of what was being put forward throughout that period; that no one had seen Mr. Hubbard and no way of contacting him.

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Q And do you have any knowledge about whether there's been substantial testimony prior to this incident concerning whether or not Mr. Hubbard had been in such location at that time?

MR. FLYNN: Objection, Your Honor; "substantial testimony" where or when?

MR. LITT: In any Scientology cases. The theory is that these things are some major secret, I suppose.

MR. FLYNN: Substantial testimony by --

THE COURT: It seems to me that it is nitpicking. He is just trying to speculate, according to him, why they took them. He is saying this is a possible basis. He is not saying that is the reason. He is saying it is possible. It may not be right. It doesn't contradict his testimony.

MR. FLYNN: Is there substantial testimony as to where Mr. Hubbard is now?

THE COURT: I don't know. That is from left field. Let's go back to the case.

MR. LITT: May I have --

THE COURT: If we are going to get into those, let's take a recess because that will take some time.

We will reconvene at 1:30.

(At 11:56 a.m. the luncheon recess was taken until 1:30 p.m. of the same day.)

1 Los Angeles, California; Wednesday, May 23, 1984; 1:30 p.m.

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4 THE COURT: We are back in session.

5 The witness has retaken the stand.

6 State your name again for the record, sir. You
7 are still under oath.

8 THE WITNESS: Gerald Armstrong.

9 THE COURT: You may continue, Mr. Litt.

10 MR. LITT: Thankyou, Your Honor.

11
12 GERALD ARMSTRONG,

13 the witness on the stand at the time of the recess, having
14 been previously duly sworn, resumed the stand and testified
15 further as follows:

16
17 RE-CROSS-EXAMINATION (Resumed)

18 BY MR. LITT:

19 Q Mr. Armstrong, Mr. Flynn showed you a picture
20 that he asked you to state whether or not it looked like one
21 of the Dincalcis' pictures that has been marked as an exhibit;
22 do you know what I am referring to?

23 A Yes.

24 Q Is that a picture which is a copy of a picture
25 which was sold at some point by Mr. Dincalci and published
26 in Time magazine? Do you know?

27 MR. FLYNN: Compound, Your Honor.

28 THE COURT: Sustained.

1 Q BY MR. LITT: Do you know whether that picture
2 was ever published in Time magazine?

3 A I don't know if that particular one, but possibly
4 one of four magazines -- one of four photos. And I don't
5 recall now which one, but --

6 Q Mr. Dincalci sold several photos to Time magazine?

7 MR. FLYNN: Objection. Sold?

8 MR. LITT: I'm asking if he knows.

9 THE COURT: If you know.

10 THE WITNESS: I don't know of any sale to Time magazine
11 of any photos.

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1 Q BY MR. LITT: You only know that he provided
2 photos to Time Magazine?

3 A It's possible that I provided them.

4 Q Okay. And from among those photos at least one
5 was published in Time, do you know that?

6 A I don't at this moment, but if it's a
7 similar photo, then it is very likely that it came from
8 the four.

9 Q You testified on redirect concerning a list of
10 lawsuits that had been provided you by Ann Mulligan. Do you
11 recall that?

12 A Yes.

13 Q Was that a list of current lawsuits involving the
14 Church of Scientology of California, or other Scientology
15 organizations?

16 A Yes.

17 Q Was Robert Kaufman's name on that list of current
18 suits?

19 A No.

20 Q So when you looked at that list you didn't
21 see anything about Robert Kaufman?

22 A No. I knew about Kaufman from some time
23 previously.

24 Q And anything having to do with Robert Kaufman
25 had occurred in the period 1970-1971; is that correct?

26 A I don't know the year, but I knew that it was
27 in the '70's.

28 Q In the early '70's?

1 A Most likely, yes.

2 Q Now, you also testified that processing is
3 auditing; is that correct?

4 A That is correct.

5 Q Are you aware whether or not Mary Sue Hubbard,
6 prior to the time she became Guardian, had ever held the
7 position of Director of Processing?

8 A She very likely did.

9 Q Do you know what term was used in 1969, at
10 the time that Guardian program order 121669, concerning which
11 you have testified -- Do you know what the term processing
12 file meant at that time?

13 A I know what processing was at that time.

14 Q But you don't know what the term processing
15 file, as opposed to preclear folder, meant at that time; is
16 that correct?

17 A If someone had asked me about a processing file
18 at that time, I would have known they were talking about a
19 preclear folder.

20 Q Do you have any information concerning whether
21 or not in 1969 there were separate administrative files kept
22 concerning financial records or other records which were not
23 part of a preclear folder, which were kept separate from
24 preclear folders within the office of Technical Service? Do
25 you know anything about that?

26 A No.

27 Q So you do not know what the term processing
28 file meant in 1969; is that correct?

1 A Well, a processing file in 1969 would have meant
2 preclear folders.

3 Q Do you know that of your own personal knowledge?

4 A Yes.

5 Q And what is the basis of that knowledge? Were
6 you ever -- Let me put it like this. You worked in a franchise,
7 you called it, in the years 1969 and 1970?

8 A Yes.

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1 Q You were not participating at this time in any
2 Church of Scientology designated as a church?

3 A That is correct.

4 Q Do you have any personal knowledge concerning
5 the designations given to processing files as opposed to
6 pre-clear folders within various Churches of Scientology
7 within the year 1969?

8 A Nothing other than what I have said.

9 Q You also testified on redirect that after this
10 incident with the photographs occurred, that you had
11 discussions following the incident with various people in
12 which certain Scientologists took the position that the
13 photos of the Dincalcis or the Douglasses did not belong to
14 them; is that correct?

15 A That is correct.

16 THE COURT: That is ambiguous. But maybe he understood
17 it.

18 When you said "them," I don't know whether you
19 meant the church or --

20 MR. LITT: No. I meant the Dincalcis or the Douglasses.

21 THE WITNESS: That has been stated a number of times.

22 Q BY MR. LITT: Do you remember -- when did you
23 have the first such discussion, let's take starting in May,
24 1982, with somebody on that topic, a Scientologist.

25 A Do you mean following the photo incident itself?

26 Q Yes, after.

27 A Following the discussion in which the same subject
28 came up?

6-2
1 Q Following the discussion that occurred at the
2 CMO that you have testified.

3 A Right. Okay.

4 Q Subsequent to that.

5 A Yes. The next direct discussion was there was
6 a radio show somewhere out in Boston, I believe. And I was
7 contacted by the people putting on the radio show. And there
8 was someone there from the organization. He --

9 Q When was this?

10 A I couldn't give you a --

11 Q Roughly.

12 A Probably a year and a half ago.

13 Q That was in 1983 or late 1982?

14 A It could have been the beginning of '83; it could
15 have been the end of '82.

16 There was a communication with a --

17 Q I am not asking for the contents. I am just
18 asking you for the events.

19 Now, after this radio show when else did you have
20 a discussion with someone, this event?

21 A There was -- not long ago here outside in the
22 hallway.

23 Q Is that in the context of this proceedings?

24 A Well, it was a Mr. Sandy Block.

25 Q That was within the last couple of months?

26 A That is correct.

27 Q You also testified on redirect concerning getting
28 some financial materials from the church at a certain point;

1 was that in February of 1982 when that occurred?

2 A It very likely was February. It could have been
3 the end of January. It was whatever date I went in to locate
4 some materials for Vaughn Young that Mr. Garrison had
5 requested.

6 At the same time I took the opportunity to pick-up
7 this file of my financial records.

8 Q Now, this file, was that still in the archives
9 area? Is that where you found it physically?

10 A Yes.

11 Q And I believe you had testified earlier at some
12 point that at the time of that visit you had had a couple
13 of hours' conversation with either Vaughn Young or him in
14 combination with other people; is that right?

15 A No. I don't think I was there a couple of hours.
16 I met with Vaughn on two occasions. One of them
17 was this time when I went in at Omar Garrison's request.

18 The other one was -- I think it was prior to
19 that. And it was at lunch. I don't think I was in the
20 organization more than half an hour, the time I located the
21 materials. It may be an hour, but it wasn't a long time.

22 Q And these materials, were they still in the same
23 place where you had left them?

24 A Yes.

25 Q And that was in some file cabinet?

26 A Well, it was in a box, my own box on wheels.

27 Q And how big was the file, the file of financial
28 materials that you took? Can you estimate its bulk?

1 A It would be about, I don't know, half an inch
2 thick.

3 Q It had maybe 100 pages or more of materials?

4 A Something like that.

5 Q When you took these materials, who was there
6 while you were getting them?

7 A Vaughn.

8 Q Anybody else?

9 A I don't recall if there was or not.

10 Q Now, these were -- when you left you took these
11 with you; am I correct about that?

12 A When I left after this meeting?

13 Q When you left after this meeting.

14 A Yes.

15 Q These were among the types of Scientology
16 materials that you would have had with you at the time that
17 you left?

18 A Do you mean when I left that day?

19 Q No, when you -- I'll clarify the question.

20 These were among the types of Scientology
21 materials that when you left the organization, you would have
22 had that you might have wanted to take with you?

23 A Well, I don't have financial records when I
24 left --

25 Q I understand.

26 A -- the organization. I went back and got them.

27

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27-1

1 Q Did anybody try to stop you from taking them?

2 A No.

3 MR. LITT: Thank you. I have no further questions.

4 THE COURT: Mr. Harris.

5 MR. HARRIS: Thank you.

6 I didn't get a copy of exhibit triple E. I want
7 to ask the witness some questions about that.

8 MR. FLYNN: I think I had some copies made, if I can
9 find them.

10

11

RECROSS-EXAMINATION

12

BY MR. HARRIS:

13

Q Mr. Armstrong, what was your knowledge of Narconon?

14

A I don't know what you're looking for. You want
15 me to give a whole description of Narconon?

16

Q Well, let me ask you this. Did you understand
17 that Narconon was affiliated in some fashion with Scientology?

18

A Yes.

19

Q And at the time that you came to this
20 understanding -- Strike that. When did you first come to
21 this understanding?

22

A Probably on board the ship.

23

Q And from the time that you were aboard the
24 ship, to the time that you left the organization, you under-
25 stood that it was associated with Scientology; right?

26

A That's correct.

27

Q Referring to exhibit triple E, you said that
28 the items on the right-hand side of the page meant, as I

1 recall, enemy, traitor, and doubt; is that right?

2 A That's correct.

3 Q And Narconon is the last item listed on exhibit
4 triple E; right?

5 A How do you spell Narconon?

6 Q Is Narconon listed as the last thing on exhibit
7 triple E, sir?

8 A Well, there is a Narconon there, but I think --
9 I think this may be another separate organization. This is
10 a different spelling from the Scientology Narconon, so maybe
11 they were the competition.

12 Q Is that something you have knowledge of, as
13 you sit there right now, Mr. Armstrong?

14 A Of the other spelling?

15 Q Yes, the other alleged organization.

16 A No. No, I don't.

17 Q And it's listed, this Narconon, as enemy,
18 according to your terminology; right?

19 A It appears to be, yes.

20 Q Now, in addition to that, there is, on exhibit
21 triple E, an item called Flynn Associates Management Corporation.
22 Do you see that?

23 A Yes.

24 Q Had you ever heard of Famco before?

25 A Had I?

26 Q Yes.

27 A Had I?

28 Q Yes.

1 A Had I before when?

2 Q Before your sitting here testifying today.

3 A Okay. I have heard of it, yes.

4 Q That is something with which you are familiar,
5 Mr. Armstrong?

6 A My only familiarity comes from a set of documents
7 which has been circulated by a private investigator working
8 for the organization.

9 Q And did you learn about this Pamco after you left
10 the church?

11 A Yes.

12 Q And you know about it from some documents
13 circulated by a private investigator, sir?

14 A Yes.

15 Q And have you looked at those documents?

16 A I have glanced at them.

17 Q Who is Joey Flannagan?

18 THE COURT: If you know.

19 THE WITNESS: Joey Flannagan. I'm not certain, but
20 it may be -- I have heard his name in connection with a
21 deprogramming case, my best recollection, but I cannot
22 be certain of that.

23 Q BY MR. HARRIS: Do you have any present knowledge
24 of the relationship between Joey Flannagan and Flynn Associates
25 Management Corporation?

26 A No.

27 Q Now, you said CIC was Combat Information Center?

28 A Well, it was used variously; Combat Information

1 Center, Control Information Center.

2 Q And is this something that you had in the PRO
3 office as well?

4 A Well, CIC in the PRO Bureau referred to the
5 person in charge of the files. It was called CIC in that
6 context and probably there it was not called Combat Information
7 Center.

8 Q Is there some difference between Control
9 Information Center and Combat Information Center, depending
10 on what unit it's in, sir?

11 A It is sort of like the difference between
12 intelligence and information.

13 MR. HARRIS: I have a document, Your Honor, which is
14 dated 3 May, 1960. May that be marked plaintiff's next in
15 order.

16 THE COURT: 71.

17 Q BY MR. HARRIS: I show you exhibit 71,
18 Mr. Armstrong, and I ask you if you have seen that document
19 before.

8-1

1 A Yes, I have seen it.

2 Q The top page is something sent by you to the
3 CIC person?

4 A Pers Bureau CIC International.

5 Q And attached to that is that person's nonexistence
6 formula?

7 A Nonexistence?

8 Q Yes.

9 A Yes.

10 Q And isn't it true, Mr. Armstrong, that there were
11 CIC's in each of the major units of the church?

12 A What do you mean by "major units"?

13 Q Well, you had one for the personal PRO; correct,
14 CIC?

15 A Correct.

16 Q And you have mentioned something about a B-1 CIC
17 which you called the Intelligence one; right?

18 A Okay.

19 Q And aboard the Flag ship the Apollo, you saw
20 graphs on the bulkhead and elsewhere and you called that CIC;
21 right?

22 A Yes.

23 Q And, by the way, when you were in CIC and observed
24 these graphs, you did not understand, did you, that the
25 graphs were intelligence activity graphs; right?

26 A More or less correct, yes.

27 Q Do you of other CIC's? Yes or no.

28 A In the organization?

1 Q Yes.

2 A Well, there was the CIC in Laurel's PR Bureau.
3 The CMO had a CIC. Those are what come to mind.

4 Q And, essentially, the CIC was a place where
5 information was filed; is that correct?

6 A That was part of the action.

7 Q And in the CIC, any CIC, there was cross-filing;
8 correct?

9 A I can't speak for all CIC's. But in that it was
10 an information center, that is very likely the way they would
11 have filed information, with a cross-file system of some
12 sort.

13 Q Now, if I understood you on redirect yesterday,
14 you said that if you had known that Scientology was a
15 religion, you wouldn't have joined; is that what you said?

16 A Yes.

17 Q And you also stated on your first day of cross-
18 examination that you had read the Phoenix lectures before
19 you went into the franchise; is that correct?

20 A I don't know if I read it right then or around
21 that time period. I definitely read it.

22 MR. HARRIS: I have a book, Your Honor, called "The
23 Phoenix Lectures"; may that be marked Plaintiff's next in
24 order?

25 THE COURT: 72.

26 MR. HARRIS: I don't know how quite I am going to mark
27 it on there, but I'm going to put it on the inside cover.

28 Q Does this appear to be the book that you read,

1 Mr. Armstrong?

2 A It appears to be the same.

3 Q And at the time that you read it did you
4 understand that these -- that the book was a compilation of
5 lectures given by Mr. Hubbard in 1954 in Phoenix?

6 A Yes.

7 Q And the first three chapters of The Phoenix
8 Lectures goes into the religious roots of Scientology; is
9 that correct?

10 A Into -- I am sorry. I didn't get the last
11 thing.

12 Q Let me ask you this: Do you recall when you read
13 it Mr. Hubbard talking about the Vedic, v-e-d-i-c, Hymns?

14 A Yes. Something about that in here.

15 Q And about Buddhists writings?

16 A Yes.

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1 Q And do you recall reading the Phoenix Lectures
2 once again for purposes of your biography project?

3 A Boy, I don't recall that.

4 Q Did you use the Phoenix lectures in any way
5 to prove or disprove that Mr. Hubbard was in Asia?

6 A No.

7 Q Would you please turn to page 34, Mr. Armstrong,
8 and look at the second full paragraph.

9 Do you recall reading, in 1969:

10 "Scientology, then, today could not
11 possibly be characterized as a science the
12 way the Western world understands science.
13 Scientology carries forward a tradition of
14 wisdom which concerns itself about the soul
15 and the solution of mysteries of life. It has
16 not deviated."

17 A Your question was whether or not I recall reading
18 that in '69?

19 Q That's correct.

20 A I don't recall reading that specific thing.
21 It's possible.

22 Q And would you look at the bottom of page 34.

23 "Any work that I am doing or have done
24 and that any Scientologist is doing has a
25 tremendously long and interesting background.
26 We are delving with and working with the
27 oldest civilized factors known to man. Anything
28 else is Johnny Come Lately. Scientology is a

1 religion in the very oldest and fullest sense."

2 Do you recall that, reading that in 1969,
3 Mr. Armstrong?

4 A Not specifically, but it's possible.

5 Q Did you read any of Mr. Hubbard's words in any
6 of the published books with respect to your search for his
7 Asian trips?

8 A I read a great number of them.

9 Q But you don't recall reading the Phoenix
10 Lectures for that purpose?

11 A No.

12 Q Now, on redirect examination yesterday Mr. Flynn
13 asked you whether the items that had been marked for
14 identification, particularly those having to do with sec
15 checking, that was marked for the defense case, came from
16 some published work. Do you recall that?

17 A Yes.

18 Q And he said to you, "We just put these together
19 from a published work." Do you recall that?

20 A That Mr. Flynn said that?

21 Q Yes.

22 A He may have.

23 Q And you said "Yes"?

24 Q Who is the "we" that Mr. Flynn was referring
25 to, Mr. Armstrong?

26 A Well, it would include Mr. Flynn.

27 Q And who else?

28 A I really don't know, but I think my wife did

1 the collating and stapling.

2 Q And you say that these come out of the Green
3 volumes?

4 A I believe that we could show you at least one.
5 I don't recall them all at this second. I believe there is
6 three policies, and I think you will find them in the Green
7 volumes.

8 Q Well, in fact, Mr. Armstrong, there are three
9 ACOC's and you can't find them in the Green volumes; is that
10 correct?

11 A Are you sure they are not policy letters?

12 Q Well, let's take a look.

13 May I have exhibit XX.

14 (Pause.)

15 I will have to try a different one. Let me
16 check my exhibit list. X, not double X. I have too many
17 initials here.

18 Q Now, having been a Scientologist since 1969,
19 Mr. Armstrong, you know that bulletins are published in the
20 Red volumes; is that correct?

21 A That's correct.

22 Q And would you look at the first page of exhibit X
23 and tell me if that is a bulletin.

24 A That is a bulletin.

25 Q And the second full page, other than the E meter
26 illustration, which we have agreed doesn't belong here -- Is
27 that correct?

28 A Right.

1 Q -- the second one is an ACO bulletin as well;
2 isn't that correct?

3 A That's correct.

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1 Q And the third one, a HCO policy letter; right?

2 A Right.

3 Q And did you take this policy letter, the third
4 one, and this package X from the green volumes,
5 Mr. Armstrong?

6 A I didn't, but I have seen it in the green volumes
7 which is what I said.

8 Q All right. So you picked two -- you didn't do
9 it; right? It was your wife and Mr. Flynn?

10 A Apparently Mr. Flynn was the original source of
11 these materials.

12 MR. FLYNN: I didnt copyright them, though, Mr. Harris.

13 Q BY MR. HARRIS: Now, Mr. Armstrong, you testified
14 yesterday on redirect that List-1 RS personnel could only
15 audit other List-1 RS personnel. And the reasoning behind
16 that, as stated by Mr. Hubbard, was so that these List-1
17 suppressives would not interrelate with the rest of the people
18 on the RPF; do you recall saying that?

19 A No. I think the word was probably interbulate
20 the rest of the people.

21 MR. HARRIS: Mr. Flynn, yesterday, page 2,724, line 27
22 through the next page, line 3.

23 MR. FLYNN: I don't have the luxury of having that,
24 Mr. Harris.

25 MR. HARRIS: Perhaps I'll share it with you and we can
26 read it together, Mr. Flynn.

27 MR. FLYNN: Thank you. I'll let you do it yourself.

28 MR. HARRIS: (Reading:)

1 "List-1 RS personnel could only
2 audit other List-1 RS personnel. And the
3 reasoning behind that, as stated by Mr. Hubbard,
4 was so that these List-1 suppressives would
5 not interrelate with the rest of the more or
6 less normal group of RPF inmates."

7 MR. FLYNN: Your Honor, is Mr. Harris suggesting that
8 that was what the court reporter correctly took down?

9 "Interbulate" is a Scientology term.

10 THE COURT: We corrected something of Mr. Harris' a
11 few days ago.

12 Were you saying "interbulate," or "interrelate"?

13 THE WITNESS: I used the word "interbulate," Your Honor.

14 THE COURT: I'll order it corrected.

15 MR. HARRIS: I have something entitled "affidavit."
16 Your Honor, may that be marked Plaintiff's next in order,
17 73?

18 THE COURT: So marked.

19 Q BY MR. HARRIS: Showing you exhibit 73,
20 Mr. Armstrong, would you look at the last page and see if
21 that is your signature?

22 A Yes.

23 Q And would you look at each of the pages and tell
24 me if your initials appear at the bottom?

25 A Yes.

26 Q And what is the date of this affidavit that you
27 signed, Mr. Armstrong?

28 A 12 April, 1980.

1 Q That is at a time when you were out of the RPF
2 and within the archives project; right?

3 A That is correct.

4 Q And in the first paragraph you state under oath
5 that you are a member of the Church of Scientology of
6 California; employed by this church; is that correct?

7 A That is what I stated.

8 Q And you referred to the RPF being in the Church
9 of Scientology of California in Clearwater in the second
10 paragraph; right?

11 A That is what is written here.

12 Q By the way, when his Honor asked you about "Sir"
13 in your communication to Mary Sue Hubbard, you indicated that
14 that was the way you addressed her because it was a Sea
15 Organization title?

16 A That is correct.

17 Q And it was true that you would address all people
18 as "Sir" who were above you in rank whether male or female;
19 correct?

20 A What do you mean by "rank"?

21 Q Well, did you understand that there were ranks
22 within the Sea Org, Mr. Armstrong?

23 A Yes. But there were further distinctions made.

24 Q Well, would you address your senior as "Sir"
25 whether or not a male?

26 A At one time.

27 Q Well, let's take at the time that you addressed
28 the communication to Mary Sue Hubbard.

1 A Then I did.

2 Q And did you do that on the RPF as well?

3 A Well, in the RPF it was a different situation.

4 Q Well, did you state under oath, page 2,

5 Mr. Armstrong: "re the rule where someone in the
6 RPF must call every senior sir. This rule was
7 not isolated only to the RPF, but has been a
8 tradition in the Sea Org (a fraternal
9 organization within the Church of Scientology)
10 several years prior to the establishment of
11 the RPF."

12 THE COURT: Was there a question associated with that?

13 MR. HARRIS: Yes. I said did he state that. So he
14 can read that and say whether he did or not.

15 THE WITNESS: That is here, yes.

16 Q BY MR. HARRIS: And on page 3, paragraph 10, you
17 make reference to Ann Rosenbloom's affidavit where she
18 swore, ". . .I was given a twin and started my RPF
19 auditing program. At this point I realized I
20 was a List-1 RS'er. Because the person I was
21 twinned with was a List-1 RS'er. According to
22 RPF rules, only List-1 RS'ers could be twinned
23 with List-1 RS'ers."

24 You were referring to Ann Rosenbloom's affidavit;
25 correct?

26 A Yes.

27

28

31-1

1 Q And then you said:

2 "I have personal knowledge of the activity
3 of twinning list 1 RSers with list 1 RSers I
4 was the bosun of the RPF at the time, which is
5 equivalent to executive director of an organization.
6 I am familiar with the particular FO 3434 Ann
7 Rosenbloom is referring to, and I know that this
8 policy of twinning up list 1 RSers with list 1 RSers
9 was never implemented, because I knew the reason
10 for doing it was incorrect.

11 "I also know that Ann Rosenbloom wrote
12 the above-mentioned policy."

13 You stated that under oath, didn't you,
14 Mr. Armstrong?

15 A That's correct, I did.

16 Q Now, I got from your redirect this morning that
17 you claim that the affidavits that you signed contained lies;
18 is that right?

19 A Yes, and perversions.

20 Q Lies and perversions, under oath?

21 A Yep.

22 Q And other than signing things under oath which
23 were false, Mr. Armstrong, could you list for the court all
24 the crimes that you committed while you were in Scientology.

25 A I will give it a shot. I stole things out of
26 newspaper morgues. I smuggled things ashore in Morocco and
27 Portugal. I lied to customs officials about what was contained
28 in the materials that we had. I lied on bills of lading

31-2

1 about what materials contained, about what they were.

2 I conned the officials in Clearwater about I
3 disguised the fact that we were sleeping about 50 people in
4 an unventilated storage room. I disguised the fact that we were
5 sleeping about 50 people in a garage in Clearwater.

6 I allowed the organization to create a phony
7 certificate announcing that I was the minister of the
8 organization in order to get me into the United States because
9 I was a Canadian citizen.

10 And I lied to the Immigration and Naturalization
11 Consular people in Toronto regarding the same request for
12 land and immigrant status.

13 That is what comes to mind.

14 Q And when you wrote to get your wife on the archives
15 project, you said that you hadn't --

16 "It is an area which I keep scrupulously
17 legal -- " meaning the archives area -- "this
18 has been my modus operandi for all my Sea Org
19 years, and on many posts closely connected
20 with legal situations."

21 You wrote that; right?

22 A Yes.

23 Q "I have always resisted attempts to
24 get me involved in shady actions for short-range
25 projects and opted for legality with long-
26 range return."

27 So you lied in that one too; is that right?

28 A Lied in what one?

31-3

1 Q Lied in that statement.

2 A Which one?

3 Q The one I just read you.

4 A You would have to point out the lie, Mr. Harris.
5 I didn't hear it.

6 Q Well, I will try it one more time.

7 "It is an area which I keep scrupulously
8 legal. This has been my modus operandi for all
9 my Sea Org years, and on many posts closely
10 connected with legal situations. I have always
11 resisted attempts to get me involved in shady
12 actions for short-range projects and opted for
13 legality with long-range return."

14 You lied there; right?

15 A You will have to point to me, Mr. Harris.

16 Q You lied to your parents too; right?

17 A Yes.

18 Q Now, the Susan Meister incident that you talked
19 about yesterday, you were a witness to what Mr. Flynn said
20 was a killing aboard the Apollo?

21 MR. FLYNN: Objection, Your Honor. The word was not
22 "killing." I said she died from a gunshot wound to the fore-
23 head.

24 THE COURT: Well, it sounded like a homicide, accident--
25 I don't know.

26 Q BY MR. HARRIS: Page 2737, line 19.

27 "Q BY MR. FLYNN: Now, Mr. Armstrong,
28 there was a person killed on board the ship in

31-4

1 1971 shortly after you arrived, is that correct?"

2 Your answer, Mr. Armstrong, was:

3 "Yes."

4 Do you recall that?

5 A Yes.

6 MR. FLYNN: Keep reading, Mr. Harris.

7 THE COURT: Just go ahead.

8 Q BY MR. HARRIS: In fact, Mr. Armstrong, the
9 ship was in Safi at that time; is that correct?

10 A Yes.

11 Q And the local authorities investigated; is that
12 correct?

13 A I believe so, yes.

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1 Q And you learned that it was a suicide; is that
2 correct?

3 A I was told that at the time; that is correct.

4 MR. HARRIS: I have a document, "The Auditor Worldwide
5 No. 51"; Your Honor, may that be marked Plaintiff's next in
6 order which I think is 74?

7 THE COURT: All right. 74.

8 Q BY MR. HARRIS: You did say, as I recall,
9 Mr. Armstrong, that you had copies of "The Auditor" in your
10 archives?

11 A My recollection is that I told you that there
12 were copies there. I couldn't tell you if it was a complete
13 set, but that it is very likely it was.

14 Q All right. Showing you exhibit 74, do you
15 recognize that as having been in your archives?

16 A No. But it possibly was.

17 Q And the last page of that, "What your fees buy"
18 by L. Ron Hubbard?

19 A Okay.

20 Q Is that where you first saw "What your fees buy"?

21 A No.

22 Q What is the date of The Auditor Worldwide 51?

23 A This is copyright 1970.

24 Q Do you recall seeing "What your fees buy" in
25 1970?

26 THE COURT: I am not sure. Is that the same article
27 that was in this brown sheet, or is it --

28 MR. HARRIS: Yes.

1 THE COURT: The article, whether or not you saw it in
2 that particular --

3 MR. HARRIS: That is correct.

4 THE WITNESS: I really can't tell you when I first saw
5 "What your fees buy."

6 It is a very well known document in -- or message
7 from Mr. Hubbard in Scientology.

8 Q BY MR. HARRIS: All right.

9 A But I can't tell you exactly when it was.

10 Q But you did testify that it was probably earlier
11 than '76 which was the copyright date of the brown "What your
12 fees buy"; is that correct?

13 A My recollection is, yes. I knew the phrase.
14 And maybe it was, maybe it wasn't. But it is something that
15 I have known about for a long time. It is a rather famous
16 writing.

17 Q Mr. Armstrong, when Mr. Hubbard, in your words,
18 allegedly resigned as the executive director, what did you
19 understand he was resigning from?

20 A Well, from control of the organization.

21 Q And did you understand that when Mr. Hubbard
22 resigned the post of executive director, that he left
23 management in the hands of a body called "The Executive
24 Council Worldwide"?

25 A I have heard that story; in fact, there was
26 something in the PR Bureau about when he resigned he was
27 replaced by 150 people. So I understood that he had resigned
28 and, according to the PR statement, been replaced.

1 Q And did there come a time when you were aboard
2 the Flag Ship Apollo that you found out that the Executive
3 Council WW had been disbanded?

4 A Yes.

5 Q And you read that in an issue of some sort; is
6 that correct?

7 A It is very possible. I think this is Reg Sharpe.
8 When Reg was kicked out and Sea Org Mission came into WW and
9 took over operations of WW.

10 Q Directing you --

11 Your Honor, I have a HCO policy letter of
12 31 August, 1971. May that be marked exhibit 75?

13 THE COURT: All right. So marked for identification.

14 Q BY MR. HARRIS: Showing you exhibit 75,
15 Mr. Armstrong, do you recognize that as having come into your
16 in-basket aboard the Apollo?

17 A It is possible that I read it back in August of
18 '71.

19 Q And back in August of '71, Mr. Armstrong, did
20 you understand that there was something called an Aides
21 Council?

22 A In '71?

23 Q Yes.

24 A Well, there was definitely something called The
25 Aides.

26 Q And was there a time when you learned that The
27 Aides had gotten together as some group called Aides Council?

28 A They may have called themselves that. I was not

1 familiar with the Aides Council.

2 Q And did you understand while you were aboard the
3 ship after August of 1971 that the Aides were performing
4 management functions?

5 A Yes. They did that.

6 Q And they had titles such as Commodore Staff 1,
7 2, 3, et cetera?

8 A Yes.

9 Q And Commodore Staff 1 was over a particular
10 division of what is called an organization board in
11 Scientology?

12 A Yes.

13 Q and that meant to you by your understanding that
14 that person could order in something in a Division 1 in any
15 organization on the planet; right?

16 A Yes, except for, very likely, Guardian's Office.

17 Q Well, there was a CSG which was Commodore Staff
18 Guardian?

19 A That is correct.

20 Q And when you are talking about Division 1,
21 Division 2, so on, the Commodore Staff Guardian was
22 responsible for the Guardian's Office; right?

23 A Yes.

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1 Q And the other C dash a number were responsible
2 for other functions within a church; right?

3 A Within the Scientology networks, okay.

4 Q All right. Within the networks. But, in any
5 event, there were management activities going on in respect to
6 those Commodore staff aides?

7 A That's correct.

8 Q And then in 1980 there came a new executive
9 director, Int; right?

10 A That could be '80, could be '81, I don't --

11 Q And that is the Bill Franks that you mentioned;
12 right?

13 A Yes.

14 Q Now, Mr. Armstrong, you mentioned that there was
15 some sort of problem between the Guardian's office and the
16 CMO; do you recall that?

17 A Yes.

18 Q And that was occurring in 1980 and 1981; is
19 that correct?

20 A Well, there had been a rivalry which had gone
21 on as far back as 1975.

22 Q And it was your understanding that the CMO was
23 going to do something about the criminals in the Guardian's
24 office; right?

25 A Well, I don't know quite where you got that.
26 Was that a statement of mind?

27 Q I just asked you if it was your understanding,
28 Mr. Armstrong, while this turmoil was going on between the

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1 Commodore's Messenger Org and the GO -- whether it was your
2 understanding that the CMO was going to kick the criminals out
3 of the GO?

4 A I heard comments like that.

5 Q And people that were associated with the
6 Guardian's office, including Laurel Sullivan -- Was it your
7 understanding that their positions were being threatened?

8 A I don't follow your question at all.

9 Q Well, did you feel that your position was being
10 threatened by this Commodore Messenger Org attempt to get the
11 criminals out of the Guardian's office?

12 THE COURT: Well, I don't think he has said that he is
13 familiar with that. So it would assume something that he is
14 not conversant with.

15 Q BY MR. HARRIS: You said, did you not, that it
16 was your understanding or you had heard that the Commodore's
17 Messenger Org was going to get the criminals out of the
18 Guardian's office?

19 A Well, I heard a lot of statements made by CMO
20 personnel about Mary Sue and the Guardian's office.

21 Q Was it your state of mind, Mr. Armstrong, that--
22 I think you testified on redirect that the organization just
23 let those 11 Scientologists go without support?

24 A No, I don't think that that is how I said it.

25 Q Well, did you, in your job, feel that the CMO
26 was going to threaten it in some fashion, Mr. Armstrong?

27 A What's "it"?

28 Q Your job.

1 A Well, I felt threatened when CMO personnel
2 Norman Starky ordered that I be sec checked regarding the
3 biography project, so I felt threatened right then.

4 I felt threatened when I realized that the
5 organization had -- was attempting to change its spots, so to
6 speak. The line about Mary Sue and her people was that they
7 had caused all the problems, and that they were the criminals,
8 and that they had brought all the problems on L. Ron Hubbard.
9 That wasn't the fact. They were just scapegoats.

10 Q And, Mr. Armstrong, at the time that you left
11 the church did you have it in mind that you were going to write
12 a biography of L. Ron Hubbard?

13 A When I left the organization?

14 Q That's right.

15 A I was working with Mr. Garrison. I never thought
16 that I would come close to doing a biography that he could do.
17 I actually never considered doing a biography of Mr. Hubbard
18 myself at all.

19 Q And to this day you haven't considered that,
20 Mr. Armstrong?

21 A I have considered doing something about these
22 proceedings and the whole concept.

23 Q Have you told anybody, Mr. Armstrong, that
24 you and Laurel Sullivan plan to write a biography of
25 L. Ron Hubbard?

26 MR. FLYNN: I object, Your Honor. This is beyond the
27 scope.

28 MR. HARRIS: Shows motive, Your Honor.

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1 THE COURT: Overruled. It is cross-examination.

2 THE WITNESS: Okay. I have never told anyone that
3 Laurel and I were going to write a biography of L. Ron Hubbard.

4 Q BY MR. HARRIS: Did you tell anybody that you,
5 Laurel, and Mr. Flynn were going to write a biography of
6 L. Ron Hubbard?

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7 A We have discussed -- Mr. Flynn and I.

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34 1 MR. FLYNN: Objection, Your Honor.

2 MR. HARRIS: Well --

3 THE WITNESS: Not a biography of L. Ron Hubbard.

4 MR. FLYNN: I withdraw it, Your Honor.

5 THE WITNESS: I think that these proceedings deserve
6 to be publicized.

7 Q BY MR. HARRIS: In fact, while you were in the
8 organization, Mr. Armstrong, you were sending Mr. Garrison
9 internal communications from the church so that he could
10 renegotiate the contract; right?

11 A I sent Mr. Garrison information which he would
12 need because he was attempting to -- because we were both
13 attempting to find out what had happened.

14 Laurel at that time was out pulling weeds.

15 David Gaiman was out pulling weeds.

16 No one with whom we had communicated at the
17 outset -- we couldn't even get communications to Mary Sue
18 to try and figure out what was going on.

19 At the same time we learned that AOSH PDK did
20 not even know of the existence of the biography.

21 We attempted to communicate with David Gaiman.
22 There was no such possibility.

23 I attempted to get Mr. Garrison whatever
24 information I could so that he could figure it out and I could
25 figure it out so that we could proceed logically.

26 Q And was it at that time while you were still in
27 the organization, Mr. Armstrong, that you became a director
28 of Ralston Pilot?

1 A No.

2 Mr. Harris, I have been asked about this so many
3 times.

4 Q You can answer yes or no.

5 THE COURT: It assumes that he became a director.

6 THE WITNESS: Right.

7 Q BY MR. HARRIS: Did you become a director?

8 A Let me explain. I don't want to say no because,
9 apparently, someone made me a director. It was not me. I
10 was never requested to be a director and I have been asked
11 about it so many times.

12 Q So you know that you were made a director, but
13 you don't know how it happened?

14 A I only know from your people. You and Mr. Litt
15 have asked about it. And that is the source of my
16 knowledge.

17 Q You have never talked to Omar Garrison about it;
18 is that correct, Mr. Armstrong?

19 A Well, I asked him after Mr. Litt asked me this
20 last time and Mr. Garrison said, "Well, the organization
21 better not ask about this because this is a violation of the
22 settlement agreement."

23 Q Really, is that what Mr. Garrison said?

24 A That is what he told me. And he wouldn't discuss
25 it further with me.

26 MR. FLYNN: That settlement agreement, we have never
27 received, Your Honor.

28 THE WITNESS: So I really don't know.

1 Although, you, apparently, have some documents
2 saying that I was a director. But I was never asked to be.
3 I never agreed to be. My name isn't on anything. And that
4 is it. Whether or not it was another scam, I don't know.

5 Q BY MR. HARRIS: And did there come a time,
6 Mr. Armstrong, when you felt that Mr. Garrison and the church
7 were about to settle their differences?

8 A I don't think that they have ever settled their
9 differences.

10 Q In March of 1982, Mr. Armstrong, did you feel
11 that Mr. Garrison and the church were going to settle their
12 differences?

13 A March of '82, I -- I think whether or not you
14 would call it a settlement which resulted, I understand
15 sometime in June a settlement of differences -- I don't
16 know.

17 Q Did you feel, Mr. Armstrong, that your source
18 of documents to write a biography was threatened if
19 Mr. Garrison and the church made up?

20 A Mr. Harris, that is crazy.

21 THE COURT: It is a compound question anyway, counsel.

22 MR. HARRIS: That is all the questions I have, Your
23 Honor.

24 THE COURT: We'll take a recess.

25 (Recess.)
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1 THE COURT: All right. We are still here. The witness
2 is retaking the stand.

3 State your name for the record, sir. You are
4 still under oath.

5 THE WITNESS: Gerald Armstrong.

6
7 REDIRECT EXAMINATION

8 BY MR. FLYNN:

9 Q Mr. Armstrong, Mr. Harris asked you several
10 questions relative to a book that you were thinking about.
11 Do you recall those questions?

12 A Yes.

13 Q Now, in the seven weeks that these legal
14 proceedings have been going on, in which you have been out of
15 work, have you in various locations with me sat and discussed
16 writing a book about these proceedings?

17 A Yes.

18 Q And what was your state of mind, Mr. Armstrong,
19 with regard to writing a book about these proceedings?

20 A Well, I thought that the proceedings and
21 the subject are so apparently paradoxical. I was the
22 defendant in the case, the plaintiff was seeking to suppress
23 evidence, they brought a number of motions to eliminate
24 various parts of the story which I thought were essential
25 parts.

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1 I had obviously been involved in the biography
2 project itself for some years. And it was a bizarre twist
3 that ultimately the man who had sought to have this biography
4 written, namely, L. Ron Hubbard, would end up trying to
5 suppress the very information that was going into the
6 biography.

7 And the twists and turns of this whole thing and
8 the way in which this whole thing, the proceedings, the
9 contacts with the Scientologists and it sort of revolved
10 around the subject of truth and honesty. And it just seemed
11 like for all Scientologists, I think there is possibly a
12 great deal of interest in the fact that these proceedings
13 are going on; that for the first time, possibly some -- in
14 a long time, some truth, at least, is coming out.

15 The organization has not been able to successfully
16 suppress every bit of evidence. And it certainly has been
17 incredible experience in my life.

18 So the amount of interest, I think there is
19 out amongst Scientologists, former Scientologists,
20 potential Scientologists, and just the twists and turns that
21 this whole strange proceeding has taken --

22 No reflection on the court, Your Honor. I don't
23 mean that.

24 THE COURT: We have still got the First Amendment.

25 THE WITNESS: I felt -- you know, I have always had
26 an interest in writing. And we have kicked around the idea
27 of this subject.

28 Q BY MR. FLYNN: So to date has it been any more

1 than idle conversation with a drink after we have been in
2 court proceedings, Mr. Armstrong?

3 A Martinis. No. It hasn't. That is all it has
4 been.

5 Q And did part of the conversation relate to the --
6 as you put it, the paradoxical aspect of the Plaintiff moving
7 to stay the proceedings when they brought the case?

8 A That is an aspect of some interest, I am sure.

9 Q Now, Mr. Harris asked you several questions with
10 respect to the Phoenix Lectures and the religious nature of
11 the organization that you got involved in in 1969-1970; now,
12 when you became involved, Mr. Armstrong, when you first
13 joined the Sea Organization, did you know about a document
14 called "The Fair Game Doctrine"?

15 A No, not at the time.

16 Q And did you know that for years the organization
17 had been attacking enemies of the type that you have testified
18 about in this trial?

19 A No.

20 Q And Mr. Harris showed you where you had earlier
21 testified as being on an enemies' list or a CIC cross-marked
22 sheet with categories of enemy, traitor, and doubt; do you
23 recall that?

24 A Yes.

25 Q And the name Narccannon, N-a-r-c-c-o-n-n-o-n,
26 is on there; is that correct?

27 A Yes.
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1 Q And I take it that you are not aware of a group
2 of Scientologists who split off and tried to form a competitive
3 group to the Scientology Narconon; is that correct?

4 A I was not aware of it until this. This is a
5 possible name here.

6 Q But in any event, my name, Michael Flynn, enemy
7 US, heads the list; is that correct?

8 A Yes.

9 Q And I have never been a member of the Church of
10 Scientology, is that correct, to your knowledge?

11 A Right.

12 Q Or the Department of the Attorney General
13 of Massachussetts?

14 A No.

15 Q Now, at any time after you learned about the
16 Fair Game Doctrine, Mr. Armstrong, copyrighted by L. Ron Hubbard
17 in 1966, did you ever consider that to be religious doctrine?

18 A No.

19 Q That enemies could be tricked, sued, lied to,
20 or destroyed?

21 A That is not my concept of religion.

22 Q Throughout your experiences in Scientology,
23 is that how enemies were treated?

24 A Yes.

25 Q Mr. Harris asked you a question about CIC,
26 meaning Control Information Center, as opposed to Combat
27 Information Center, about which you previously testified. Do
28 you recall that question?

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1 A Yes.

2 Q And I show you a document --

3 May this be marked next in order, Your Honor.

4 THE COURT: Triple Y.

5 Q BY MR. FLYNN: When you were involved with the
6 Church of Scientology, Mr. Armstrong, did you see a document
7 "Confidential, Intelligence Chief"?

8 A When I was inside?

9 Q When you were inside.

10 A I am not sure. We had GO memos like this in the
11 port captain's office in the intelligence hat, but I cannot
12 say with certainty that this was among them.

13 Q Did you see documents such as this document
14 where the term "Combat Information Center" was used among
15 GO documents?

16 A Yes. I knew the term "Combat Information Center,"
17 and learned it on board.

18 Q And directing your attention to a paragraph
19 under "Duties," paragraph 4:

20 "To insure that the intelligence CIC
21 board (combat information center) is maintained
22 in present time."

23 Do you have a present understanding, based on
24 your years in Scientology, Mr. Armstrong, what that means?

25 A That whatever material was on the intelligence
26 CIC board, Combat Information Center, was kept current -- what
27 exactly they had on at different times I can't tell you. But
28 this is just an instruction that that particular board, and

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1 what would be put on it, would be in a separate issue. It is
2 just a duty of this intelligence chief to keep it current.

3 Q Now, did the port captain's office maintain the
4 Assistant Guardian's full hat, about which you previously
5 testified, while L. Ron Hubbard was on board?

6 A I never saw it there during the whole time. It
7 was brought on board by the Guardian's office personnel who
8 came on board at the end of 1974 -- approximately November,
9 I guess. November or December of '74.

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38 1 Q And --

2 A Mr. Hubbard was then on board; so --

3 Q Mr. Litt asked you several questions about whether
4 or not people knew in 1973 where Mr. Hubbard was; do you
5 recall those questions?

6 A Yes, something about that, yes.

7 Q With regard to pictures that had been taken of
8 him in a Bronx apartment; do you recall that?

9 A I think it was Queens. I don't know if that is
10 the Bronx, but it was a Queens apartment.

11 Q Now, did anyone on board know where Mr. Hubbard
12 was during that period of time?

13 MR. HARRIS: I'll object.

14 THE COURT: If he knows.

15 Q BY MR. FLYNN: To your knowledge that Mr. Hubbard
16 was hiding in Queens?

17 A No one that I knew.

18 Q And you did have an understanding while you were
19 in the organization, Mr. Armstrong, as to why Mr. Hubbard
20 was hiding in Queens?

21 MR. HARRIS: Assumes a fact not in evidence, Your Honor.

22 THE COURT: I'll sustain the objection.

23 It is also compound. There are two concepts,
24 hiding and Queens, the location.

25 Q BY MR. FLYNN: You know, however, that
26 Mr. Dincalci was with him; is that correct?

27 A Yes.

28 Q And did you know anyone on board who knew where

1 he was?

2 A No.

3 Q Now, Mr. Harris asked you several questions with
4 respect to a letter which has been marked as HH that you
5 wrote to Gale Irwin, October 23, 1981 shortly before you
6 left the organization; do you recall those questions?

7 A Yes.

8 Q And referring you to page 4 of that letter,
9 Mr. Harris read that: ". . .it is an area which I keep
10 scrupulously legal."

11 What were you referring to then, Mr. Armstrong?

12 A The archives.

13 Q Now, you previously testified that throughout
14 the period of time you were in the archives project you had
15 a developing awareness of all of the lies that had been told
16 by Mr. Hubbard; is that correct?

17 A Yes.

18 Q And that is set forth in the documents under
19 seal; is that correct?

20 A Yes.

21 Q And you then went on to state, ". . .this has
22 been my modus operandi for all my Sea Organization years and
23 on many posts closely connected with legal situations."

24 Now, what did you mean by that in October, 1981?

25 A I had tried as much as possible within the
26 parameters of Scientology and working for Mr. Hubbard to do
27 everything I could to keep everything legal.

28 Q And the very first time you joined the Sea

1 Organization you were drilled to lie to customs officials;
2 is that correct?

3 A Yes.

4 Q And throughout the period of time that you were
5 involved, as you have just testified, you were drilled to
6 lie on various occasions such as to your parents as to where
7 you were; is that correct?

8 A That is correct.

9 Q And you have previously testified that that was
10 to conceal Mr. Hubbard; is that correct?

11 A Yes.

12 Q And to conceal his location?

13 A Yes.

14 Q And when you stated, ". . .I have always resisted
15 attempts to get me involved in shady actions for short range
16 projects and opted for legality with long range returns,"
17 what did the word "resisted" mean, Mr. Armstrong?

18 A Many times in Scientology in the Sea Organization
19 I had been asked to do things or requested or ordered to do
20 things. And whenever possible I tried to do what was legal.

21 Q And, in fact --

22 A I resisted. I was not -- I was not successful
23 very often because I simply -- because if I had not done those
24 things, I would have wound up on the RPF or the RPF's RPF
25 or something worse.

26 Q So you had resisted in an organization that you
27 found disseminating almost nothing but lies; is that correct?

28 A Yes.

1 Q And in October, November, or September -- October,
2 November of 1981 you have already testified about the letter
3 that you wrote to Cirrus Slevin where you listed the
4 misrepresentations that had been made about Mr. Hubbard and
5 your efforts to correct them; is that correct?

6 A Yes.

7 Q And in response to your efforts to correct them,
8 Norman Starkey ordered you to be security checked; is that
9 correct?

10 A Yes.

11 Q and you were fearful at that time that you were
12 going to be locked up because of the information you had
13 uncovered about Mr. Hubbard; is that correct?

14 A Yes.

15 Q Now, on 1 September, 1981 before you wrote
16 exhibit HH of 23 October, 1981 about which Mr. Harris
17 referred, did you write a letter to Barbara regarding your
18 discoveries about Mr. Hubbard?

19 A Yes.

20 MR. FLYNN: May this be marked next in order, Your
21 Honor?

22 THE COURT: ZZZ.

23 Q BY MR. FLYNN: At that time and for the next three
24 months did you make an effort to inform the organization
25 about all the lies that Mr. Hubbard had been disseminating?

26 A Yes.

27 Q And in referring you to page 2 of that letter,
28 did you begin listing on consecutive pages some

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41 misrepresentations about Mr. Hubbard and the organization?

A Yes.

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1 Q So it was at that period of time, after you
2 had spent a year and a half collecting the thousands of
3 documents under seal, that you realized the truth about
4 L. Ron Hubbard; is that correct?

5 A Yes.

6 Q And it was at that time you made efforts to
7 change the lies that were being said; is that correct?

8 A Yes.

9 Q And it was in that context that you wrote that
10 October 23, 1981 letter; is that correct?

11 A Yes.

12 Q And after you were ordered to be sec checked
13 because you didn't believe that the lies would stop, what
14 did you do, Mr. Armstrong?

15 A Shortly after that I left.

16 THE COURT: This attachment about the author, I assume
17 this is what you were critiquing; is that correct?

18 THE WITNESS: Yes, Your Honor.

19 THE COURT: Where did this come from?

20 THE WITNESS: My recollection, this is from -- Oh,
21 it was a thing published in probably 1980 or '81 called
22 R & D. It is research and discovery volumes, and it is in
23 "About the Author" section, which was in the back of this
24 volume which had just recently been published.

25 THE COURT: All right.

26 MR. FLYNN: That is all I have, Your Honor.

27 THE COURT: Mr. Litt, anything further?

28 MR. LITT: Your Honor, if we could, in light of this

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1 document that Mr. Flynn has just given to Mr. Armstrong,
2 there are some other related documents but it appears that
3 we don't have them with us.

4 MR. HARRIS: Well, I gave them to Mr. Flynn. Maybe
5 he will volunteer them and we can just put them all in.

6 MR. FLYNN: I am at a loss --

7 MR. LITT: We can follow one of two procedures. This
8 is one of four, I believe, three or four, materials commenting
9 on various proposed biographies written by Mr. Armstrong,
10 and we intend to present all of them.

11 THE COURT: You didn't mean written by Mr. Armstrong?

12 MR. LITT: No. The letters.

13 THE COURT: Oh, the critiques.

14 MR. LITT: Yes. We intend to present all of them
15 to him and provide them to the court, but apparently it
16 appears we don't have them with us. We would like to know if
17 we could reserve questioning, it will only take five minutes,
18 and do that in the morning.

19 THE COURT: Yes. Mr. Harris?

20 MR. HARRIS: No, Your Honor.

21 THE COURT: Okay. You can step down, sir.

22 MR. LITT: Your Honor, it is my understanding that
23 Miss Sullivan is the next witness to be called, and we have an
24 additional memorandum which we would like to present to the
25 court at this time concerning the question of our view of how
26 the subject of her testimony should be handled, what procedure
27 we believe should be followed, and what the permissible scope
28 of her testimony should be, and we would like to suggest that

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1 prior to her testimony that we have any necessary argument
2 concerning her testimony and resolve any issues concerning
3 procedure or otherwise with respect to the privileged and the
4 MCCS mission.

5 MR. FLYNN: If Your Honor please, I think of that as
6 Your Honor hears the testimony it will become fairly apparent
7 that there is no issue. As I represented to the court before,
8 90 to 95 percent of the information which Miss Sullivan has
9 about the financial transactions of L. Ron Hubbard, and the
10 organization, and the PR line that was sent out on L. Ron Hubbard
11 as opposed to the truth about him, she collected between 1967
12 and 1980, prior to the MCCS mission ever beginning.

13 So I think that it would be premature at this
14 point.

15 MR. LITT: Your Honor, we are quite aware that that is
16 Mr. Flynn's position, and we addressed the history of that
17 in this memorandum, and we also addressed preliminary
18 procedures which we feel should be followed in order to resolve
19 that question, which includes the -- It is our position that
20 in light of the history of this and the past representations
21 concerning this that any testimony from Miss Sullivan on
22 matters that were dealt with in the MCCS mission are
23 inappropriate.

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40 ' 1 But that in the event that the court does not
2 find that on its face, there are certain procedures that
3 should be followed in the form of the Voir Dire and
4 preliminary determinations before there is any evidence in
5 order to determine what information in fact has a source or
6 a mixed source within privileged information.

7 THE COURT: Well, let me see your documents.

8 MR. LITT: Thank you, Your Honor.

9 I am serving a copy on Mr. Flynn.

10 We have, if the Court wishes it, that we can
11 submit in camera the materials that Mr. Harris referred to
12 the other day concerning various documents from the MCCS
13 Mission which are privileged documents which, if the Court
14 feels is necessary, clearly establishes the privileged nature
15 of that whole activity.

16 Your Honor, if I may, we don't repeat matters
17 that were contained in the previous memoranda submitted.
18 This memorandum is premised on that. Those have already been
19 submitted to the Court.

20 THE COURT: All right. I have read and considered your
21 memorandum.

22 First, so we know, when is the date, if there
23 is a date, when this MCCS project can be said to have
24 commenced?

25 MR. HARRIS: To the best I have been able to determine,
26 Your Honor, it started rather haltingly around February, 1980
27 and became full blown throughout the latter part of 1980 and
28 '81.

1 There was a MCCS II Mission which was in 1981;
2 in other words, there was a preliminary mission and then
3 there was a MCCS II Mission, July '80. I am corrected. July
4 '80 is when it first started.

5 THE COURT: The February date is incorrect?

6 MR. LITT: No, Your Honor. February '80 is the original
7 MCCS Mission. And MCCS II begins in July, '80.

8 THE COURT: Are you capable of proceeding, Mr. Flynn,
9 with this witness, at least the rest of this afternoon and
10 discussing things that occurred before February, 1980?

11 MR. FLYNN: Yes, Your Honor.

12 MR. LITT: Your Honor, if I may be heard briefly, the
13 problem is, of course, that the mission involved gathering
14 information for presentation to attorneys that occurred prior
15 to 1980, February. So that proceeding regarding testimony
16 concerning events prior to February, 1980 does not really
17 solve the problem as we view it because, in fact, the
18 information that was provided was a variety of historical
19 information that was gathered up of events over prior years
20 at the direction of attorneys in order to solve certain legal
21 problems that were presented; so that it is no solution at
22 all for the testimony in terms of protecting the privilege
23 to proceed by talking about events prior to February, 1980.

24 Miss Sullivan's information concerning these
25 events comes, if not in whole, at least in large part from
26 her participation in the MCCS Mission. It appears she has
27 had extensive discussions with her counsel, Mr. Flynn, also
28 Mr. Armstrong's counsel, in which she has provided him the

1 details of the MCCS Mission, her conversations with attorneys,
2 all of which she had no entitlement to do because at the time
3 she held a position and was obligated to uphold the privilege.
4 It is not her personal privilege.

5 All of this has been provided to Mr. Flynn
6 constituting the basis of his questioning.

7 It has been consistently represented by Mr. Flynn
8 that her testimony on these matters would relate to the
9 MCCS Mission only after there were preliminary indications
10 that the Court might not permit or would not permit inquiry
11 into the MCCS Mission because of the problem of attorney-client
12 privilege did it suddenly emerge that Miss Sullivan had all
13 of this purported information independently of that.

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1 It is quite clear that there has been extensive
2 discussion with Mr. Flynn concerning what she did on the
3 MCCS mission, and the advice of attorneys, and the information
4 gathered up and provided to attorneys, and therefore I think
5 that, our point of view, at least, there are certain things
6 that should happen.

7 The first is in light of this history, and in
8 light of the invasion of the privilege which has already
9 occurred to this point, and which it is impossible at this
10 point to pull out from this process, it is our position that
11 the court should not permit any questioning at all on the topics
12 that were covered -- subject matters of the MCCS mission,
13 because it is not possible at this stage of the proceeding
14 for Mr. Flynn to pose questions which do not flow from his
15 knowledge of privileged information, which was wrongfully
16 obtained.

17 THE COURT: I don't think you have any kind of a
18 poison-fruit situation in this here. If the witness has been
19 asked a question involving information that the witness had
20 acquired at some before this particular time that had no
21 connection with this, the witness could give an answer. The
22 fact counsel may have learned something about it from
23 conversations dealing with something else, I don't think that
24 precludes that type of evidence from being presented.

25 MR. LITT: It may not preclude it from being presented
26 in general, but it precludes it from being presented by
27 Mr. Flynn.

28 THE COURT: Who else is going to present it?

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1 MR. LITT: If Ms. Dragojevic is not privileged to it,
2 if Ms. Dragojevic is not privy to it, then I believe it is
3 precisely parallel to a situation where an attorney is involved
4 in litigation with a prior client and at a minimum with respect
5 to questioning of that client it is not permitted that the
6 attorney will question a client adversely who was a former
7 client.

8 Here we, in effect, have the same situation,
9 because Mr. Flynn has now been handed attorney information
10 via Miss Sullivan. Therefore, if there is permissible inquiry,
11 and if this matter can be sorted out, which I will get to in
12 a moment, it cannot be done through the questioning by a
13 person who has invaded the privilege. Because that person
14 cannot sort out the information. And in that respect I
15 believe that it is quite similar to the situation of not
16 permitting an attorney to handle certain matters the handling
17 of which inevitably requires drawing on privileged information
18 in an adverse context.

19 So that we would suggest, one, that it is the
20 obligation at this point, at a minimum, of the defendant
21 to obtain some counsel who is at least not privy to these
22 conversations with Miss Sullivan to do the questioning.

23 In addition, we think that the court must make
24 a determination of whether it is possible at all for Miss Sullivan
25 in fact, to segregate this information, especially in light
26 of the history of these affairs, in which there was no
27 indication until there was a preliminary ruling by the court
28 that Miss Sullivan had any such prior knowledge.

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Prior to that it was --

THE COURT: She must have functioned for years and had knowledge over those years. I mean, she wasn't simply sitting there with a closed mind.

MR. LITT: Not on these subjects.

THE COURT: That is to be decided. That is what we are going to find out.

MR. LITT: I agree. But what I am suggesting, that before the contents of anything emerges that that predicate fact must, in fact, be determined. And whether or not it is, in fact, possible for her to segregate the information she learned in her capacity within the MCCS mission from any information that she purportedly had from an earlier period when she was not acting as a holder of the privilege or as a person who was gathering information protected by the privilege. And that until that preliminary fact is determined, if it can be determined, and we suggest that it is the burden of the defendant to make that showing under the circumstances-- until that time it seems to us that no testimony can be permitted.

In other words, the defendant should have the burden at this point to, through questioning by counsel other than someone who has received the privileged information, establish that Miss Sullivan can testify on certain matters independently and that the information can be sufficiently segregated so that her testimony does not, in fact, constitute an invasion of the privilege.

And without that occurring, then we have a

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1 situation where in reality the privilege is being violated
2 through a procedure which I would suggest is somewhat improper.
3 It seems to us that Mr. Flynn should not have elicited attorney-
4 client information from Miss Sullivan to begin with, since it
5 was clear that it was obtained in a privileged setting.

6 THE COURT: Well, let's not get off into left field.
7 I disagree with your point that it has to be some other lawyer
8 involved in it. I think if counsel is going to represent that
9 this witness can give answers based upon knowledge that she
10 had acquired prior to February, 1980, and the witness so
11 indicates, and I will so instruct her -- at least we don't
12 have any particular problems as far as I can see.

13 I don't know what the witness is going to say.
14 I don't know what questions are going to be asked. But it
15 seems to me that as long as the witness understands what the
16 ground rules are here, at least until some other order of the
17 court, that she will have to answer within those confines.

18 MR. LITT: Thank you, Your Honor.

19 MR. FLYNN: Let me correct one thing on the record. I
20 also represent Miss Sullivan in connection with her having
21 obtained immunity from prosecution in connection with her
22 testimony about financial transactions of Mr. Hubbard. And
23 in my initial conversations with Miss Sullivan it became
24 abundantly clear to me that the information that she had
25 strictly relating to the MCCS mission related to future and
26 currently ongoing criminal activity and/or fraudulent activity.

27 THE COURT: Well, if you want to develop that, I think
28 it should be done by way of a declaration of the witness and

1 something that can be reviewed by the court and counsel can
2 also review it in counter-declarations or documents that the
3 plaintiff has to submit on the subject. In other words, I
4 was taking the position that it would be no apparent problem
5 to me to deal with subjects which existed prior to '80, if
6 she knew about them, and her knowledge preceeded that date.

7 If you want to go into things which occurred
8 in MCCS, I think then the proper way to proceed you have
9 the burden of showing that there is no privilege because of
10 this crime-fraud exception, and it seems to me the proper way
11 to do that -- it could be done, of course, in camera, but I'm
12 not too anxious to do that. I would rather see a declaration
13 and take that as the initial step and go from there.

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1 MR. FLYNN: I didn't make myself clear.

2 I intend to go forward based on the Court's
3 suggestion about things prior to 1980.

4 What I was responding to was Mr. Litt's
5 implication of some impropriety on my part of receiving
6 attorney-client information.

7 THE COURT: Well, I'm sure that she is entitled to have
8 legal advice and entitled to use her judgment as to what she
9 was able to disclose or not disclose. That is why we have
10 attorneys and right to counsel guaranteed by the Sixth
11 Amendment, Fourteenth Amendment, California Constitution.

12 Do you have anything else on the subject?
13 Statutes?

14 Let's go ahead and see what happens.

15 MR. FLYNN: Various Hat Packs on the Church of
16 Scientology, Your Honor.

17 Miss Sullivan, please.

18
19 LAUREL SULLIVAN,
20 called as a witness by the defendant, was sworn, and testified
21 as follows:

22 THE CLERK: Please, raise your right hand to be sworn.

23 THE WITNESS: I do.

24 THE CLERK: Be seated. Please, state your name and
25 spell your last name.

26 THE WITNESS: Laurel Sullivan, S-u-l-l-i-v-a-n.

27 THE COURT: Miss Sullivan, up this point and for awhile
28 anyway until further notice counsel is going to be asking

1 you questions. I only want you to answer the question if
2 you're capable of doing so based upon a knowledge that you
3 had, actually had in your mind prior to February, 1980.

4 If you are of the belief that you cannot limit
5 your answer in that fashion, then tell me and I'll have to
6 sustain their privilege on that basis -- it is not that I
7 have to, but I will because I have taken that position. But
8 if you're capable of answering it based upon matters or
9 information that you had prior to February, 1980, you may
10 do so.

11 So let's go forward and see what happens.

12 Do you understand?

13 THE WITNESS: Yes.

14
15 DIRECT EXAMINATION

16 BY MR. FLYNN:

17 Q Miss Sullivan, you are currently living in
18 California?

19 A Yes.

20 Q And at some point in time in the past you were
21 an employee of L. Ron Hubbard; is that correct?

22 A Yes.

23 Q Now, when were you last affiliated with L. Ron
24 Hubbard or any Scientology organization?

25 A November 21, 1981.

26 Q And when did you first begin to be affiliated
27 with L. Ron Hubbard or any Scientology organization?

28 A In September, 1966.

1 Q And would you just briefly describe the
2 circumstances under which you first became involved with
3 L. Ron Hubbard or Scientology.

4 A I have to start with Scientology first.
5 My father was a Scientologist and received
6 literature. So I did hear about it from time to time in our
7 family.

8 In September 1966 I traveled with him to England
9 and lived in East Grinstead where the Scientology Center was
10 at that time, the Worldwide Headquarters. And met
11 Scientologists and became involved in Scientology that fall.

12 Q Now, in September of 1966 how old were you?

13 A Seventeen.

14 Q And at the risk of incurring your ire, how old
15 are you at the present time, Miss Sullivan?

16 A Thirty-four.

17 Q After your initial exposure to Scientology did
18 you become more actively involved in any Scientology
19 organization?

20 A Yes. I joined staff in January, 1967 at Saint
21 Hill Manor and left briefly for the summer to return to do
22 courses in the fall. And I joined the Sea project in
23 November, 1967.

24 Q Now, in November, 1967 what was the Sea project?

25 A It was a project of L. Ron Hubbard and some
26 friends of his. And the purpose was to find a safe base for
27 him and for the upper levels of Scientology.

28 Q And who did you work for at that time?

1 A That wasn't clear. It was a Sea project. And
2 there were no contracts or employee agreements. But L. Ron
3 Hubbard was the person in charge.

4 Q And what did you do in connection with the Sea
5 project?

6 A Well, we -- the initial application was to go
7 and help Ron do what he was doing.

8 In the beginning I just went to the ship in
9 Southampton.

10 Q Now, at some point in time within the next year
11 or two did you find out the name of any corporation that
12 owned the ship?

13 A Yes.

14 Q And what did you find out?

15 A Well, before I went I did a typing project for
16 L. Ron Hubbard's personal secretary. And on that typing
17 project I typed the manual which was about three inches thick
18 which was all about the Sea project and who owned it and the
19 duties involved, the officers, and who was in charge.

20 Q And what was your understanding at that time as
21 to who owned it and what the various duties were that you
22 just described?

23 A The Hubbard Explorational Company owned the ship.
24 And I am not clear on the last half of your question.

25 Q What understanding did you have as to what
26 relationship the Hubbard Explorational Company had to any
27 Churches of Scientology?

28 A I was not sure. I know that L. Ron Hubbard had

1 told us that he bought the ships personally.

2 Q Now, at some point in time did the -- what ship
3 did you initially go on?

4 A The Royal Scotman.

5 Q That subsequently became The Apollo?

6 A Yes.

7 Q Where did The Royal Scotman go?

8 A Well, it was delivered from Glasgow; arrived in
9 Southampton where I got on.

10 Then we went off the Coast of Brest, France;
11 down the Coast of Portugal; tried to land in Gibraltar; was
12 refused; went to Palermo; Monte Carlo; Sardinia; to
13 Valencia.

14 We stopped in Valencia and the ship was berthed
15 there and anchored there for some few months. Then it went
16 on a training cruise to Alicante, Spain and year round in
17 Spain. And from there, I left at that time.

18 Q Where did you leave and go to?

19 A I left from Valencia and went to England. And
20 then after four days, to Edinburgh.

21 Q During that period of time that you were on the
22 ship what understanding did you have as to who you worked
23 for?

24 A Well, I worked for L. Ron Hubbard.

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1 Q And what were your duties on board the ship?

2 A Well, first I was a steward, then I was an
3 officer steward, then I did some organizational duties, then
4 I transferred ships and was a steward again, I cooked, and
5 after that I -- let's see. After that, when I went to
6 Edinburgh, I was a tour member and held various administrative
7 posts throughout the organization there. Then I became the
8 L. Ron Hubbard Communicator.

9 Q When did you become the L. Ron Hubbard Communicator?

10 A It is in the fall of 1968.

11 Q And what were your duties in that post?

12 A To make sure his orders and policies were
13 complied with by everyone in the organization.

14 Q And did you see his orders on a daily basis
15 at that time?

16 A Not daily. They were often Telexed orders that
17 came from him directly, though, to the organization.

18 Q And as the Communicator you would receive the
19 orders from Mr. Hubbard, and who would you communicate them
20 to?

21 A The whole organization, from the top down.

22 Q And did you learn at that time, in the fall of
23 1968, as to the management structure of the organization?

24 A Yes.

25 Q And what did you learn?

26 A I learned that ultimately L. Ron Hubbard
27 controlled the organization, that any order given that was
28 different than his was pretty much ignored or canceled, and

1 that in my capacity to insure that his orders were complied
2 with I often cancelled other orders of other people that were
3 contrary to his.

4 Q Now, did the organization basically at that time
5 have a military-type command structure up to L. Ron Hubbard?

6 A Yes.

7 Q And prior to 1968 had you had the opportunity
8 to personally observe Mr. Hubbard in the context of managing
9 Scientology organizations?

10 A No, not directly.

11 Q So your first opportunity was in the fall of
12 1968?

13 A Yes.

14 Q And did you receive orders personally from
15 L. Ron Hubbard at that time?

16 A Yes. I received them but they weren't to me,
17 they were to be delivered by me to others.

18 Q You were like a communications link to the rest
19 of the organization?

20 A That's right. I was his representative in
21 that organization.

22 Q Now, when you say "his representative in that
23 organization," what did that mean in 1968, Miss Sullivan?

24 A It meant that if anyone had a question about
25 his order they should come to me and get it clarified. It
26 meant that if it was considered too broad it should be
27 clarified by me, if it needed to be interpreted that people
28 came to me on it, when they complied with the order they would

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1 send the reply via me to him and they would attach their
2 evidence that they had, in fact, complied with it.

3 Q Now, at that time were you receiving wage
4 vouchers?

5 A At what time?

6 Q In the fall of 1968.

7 A Yes.

8 Q And what did the wage vouchers, if anything,
9 say on them?

10 A They said "AOUK."

11 Q What was AOUK?

12 A Advanced Organization United Kingdom.

13 Q Prior to that had you received wage vouchers
14 from Hubbard Exploration Company?

15 A Yes, I received them, but I don't know if they
16 were printed. I think they were blank.

17 Q Now, at some point in that period of time did
18 you learn about the purchase of certain property in Rhodesia?

19 A No.

20 Q When did you learn about the purchase of
21 property in Rhodesia?

22 A November, 1981.

23 Q Okay. Prior to November, 1981, did you have any
24 understanding about any aspects of the purchase of property
25 in Rhodesia?

26 MR. LITT: Objection. Prior to February, 1980, Your
27 Honor.

28 THE COURT: Well, make it prior to February, 1980.

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1 Q BY MR. FLYNN: Prior to February, 1980.

2 A Yes.

3 Q And what understanding did you have prior to
4 that date?

5 MR. HARRIS: I will object to the word "understanding"
6 under these circumstances, Your Honor. This witness' state of
7 mind, unlike the defendant's, is not at issue. If she heard
8 it from someone or --

9 THE COURT: I will sustain the objection.

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4' 1 Q BY MR. FLYNN: Let me ask you this, Miss Sullivan:
2 With regard to the subject of Rhodesia, when is the first
3 time that you acquired any information about that subject?

4 A Late '60's.

5 Q And under what circumstances did you first acquire
6 that information?

7 A Well, I was at Saint Hill and as a student.
8 People were very interested in where Ron was and where he
9 had been. And at that time it was recent that he had lived
10 in Rhodesia and that he had returned from there.

11 He gave his last lecture to the students at
12 Saint Hill at which my father attended.

13 His daughter was a training twin with my father;
14 so I knew her well. And through these channels, I learned
15 about Rhodesia and that a project had gone on there and that
16 it was a considerable project.

17 Q Did you acquire any information at that time as
18 to the purchase of any property in Rhodesia?

19 A No specifics.

20 Q Did you acquire general information?

21 A No.

22 Q Now, how long did you remain the L. Ron Hubbard
23 communicator?

24 A At that organization, until May, 1969.

25 MR. HARRIS: Just so I am clear, Your Honor, I want
26 to move to strike the witness' testimony about where
27 Mr. Hubbard was as based on hearsay.

28 THE COURT: I'll deny the motion. It is apparently

1 common knowledge in the organization at that time.

2 MR. HARRIS: Just so I don't have to keep jumping up,
3 Your Honor, each time she gets information from anybody else,
4 my objection would be hearsay. At this point I don't believe
5 this witness' state of mind is relevant here.

6 THE COURT: Fine. Be that as it may. If you want to
7 object, you should object.

8 Q BY MR. FLYNN: During the periods of time you
9 were L. Ron Hubbard's communicator could you describe the
10 tactics of communications you received from L. Ron Hubbard
11 and who you communicated them to?

12 A Okay. I was L. Ron Hubbard's communicator several
13 times. And the first time was in Edinburgh; the second time
14 was in Los Angeles; and the third time was on the ship.

15 So during that time, those times, the kinds of
16 communications I would receive from him were orders to
17 anyone in the organization which I would log, record, and
18 send on and check up on until they were completed. And then
19 I would assist with that person reporting back to him a
20 compliance that it in fact was done. That is the major truck
21 and trade and track of a LRH communicator.

22 I also received mail for him personally and I
23 answered that mail for him personally.

24 So in a sense there were some secretarial
25 activities. And from time to time there were requests from
26 him personally regarding his office and his possessions in
27 his office and records, et cetera.

28 Q Now, did you have access to those records?

1 A Yes.

2 Q And what types of records were there?

3 MR. HARRIS: Is this in UK, Your Honor, AOUK? Just
4 so we get the place where it is.

5 Q BY MR. FLYNN: Is it in the United Kingdom?

6 A In all three places.

7 Q Just restricting yourself now to the first period
8 when you were the L. Ron Hubbard communicator, what types
9 of records did you have access to?

10 A His handwritten personal notes.

11 Q And what did those notes relate to?

12 A They related to the operation of that organization;
13 they had to do with the naming of organizations in the United
14 Kingdom, particularly in Scotland.

15 They had to do with a public relations campaign
16 that was being done, slogans, some tapes and instructions
17 to the organization, the purpose of the organization, why
18 they were there, how their financial transactions should go
19 as far as what organizations they should support, what income
20 levels were expected, that sort of thing.

21 Q Now, during that period of time did you make
22 observations -- strike that -- were you aware that in 1966
23 Mr. Hubbard had allegedly resigned from conducting the
24 management of any Scientology organizations?

25 A Yes.

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1 Q And in your experience, when you were the
2 L. Ron Hubbard Communicator, was that true?

3 A No.

4 Q And was Mr. Hubbard conducting the management
5 of organizations when you were the L. Ron Hubbard Communicator?

6 A Yes.

7 Q During the period of time, the first period
8 of time that you were the L. Ron Hubbard Communicator,
9 did you see orders from Mr. Hubbard relating to financial
10 transactions of the organization?

11 A Yes.

12 Q And what did you see?

13 A I saw Telexes on statistics, which reported income,
14 his replies, and I was watchful for any instructions that we
15 should do from him, and I saw that those were carried out.
16 They had to do with how income should be collected, promotional
17 actions, where money should go from the AO, or the organization,
18 as far as its reserves were concerned, and at that time the
19 advanced organizations were shifting in a management framework
20 and were beginning to support the ship activities, and so the
21 centralization of income from the United Kingdom for Sea
22 Organization activities was occurring in Edinburgh and later
23 in East Grindsted, and there was some discussion over that.

24 Q And did you see any dispatches relating to the
25 transfer of Scientology funds to corporations owned or controlled
26 by L. Ron Hubbard?

27 A No.

28 Q At a subsequent point in time did you begin to

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1 see such orders?

2 A Could you clarify that question.

3 Q At some subsequent point in time did you begin
4 to see orders relating to financial transactions?

5 A Yes.

6 Q And when did you see those?

7 A From time to time throughout all of my positions
8 in Scientology.

9 Q And what types of orders were those, Miss Sullivan?

10 MR. HARRIS: Can we get a time frame, Your Honor?

11 MR. FLYNN: Prior to February, 1980.

12 THE WITNESS: They had to do with the setting up
13 accounts, the transfer of accounts, amounts in accounts, what
14 funds should be spent on, allocation of funds to projects,
15 and pay.

16 Q BY MR. FLYNN: Did they cover most aspects of
17 the financial transactions of L. Ron Hubbard in the
18 organization, from what you could see at the time?

19 A Yes.

20 Q Now, after you were L. Ron Hubbard Communicator,
21 what was your next post?

22 A After LRH Com UK, I went back to the ship for
23 about two weeks. I was a layout artist. After that I was
24 the medical officer for six months.

25 Q Who made you the medical officer?

26 A Quentin Hubbard.

27 Q And on whose orders --

28 THE COURT: If you know.

1 Q BY MR. FLYNN: If you know -- were you made the
2 medical officer?

3 A On his own origination, on L. Ron Hubbard's
4 approval.

5 Q Had you had any medical experience or background
6 at that point?

7 A No.

8 Q And after you were the medical officer what did
9 you do?

10 A I was transferred to the advanced organization,
11 Los Angeles, as the supercargo and the LRH Communicator.

12 Q As the LRH Communicator, what did you do?

13 A Similar duties to the earlier one only expanded.

14 Q In what way were they expanded?

15 A Well, one instruction that came to me was to
16 find a building whereby our organization could take over
17 another organization, and it was a lengthy handwritten
18 communication from L. Ron Hubbard to myself through Fred Hare.

19 Q When was this, Miss Sullivan?

20 A It was late 1969.

1 Q Go ahead and continue.

2 A It simply instructed us to find a building whereby
3 we could take over the American Saint Hill Organization.
4 And I logged it.

5 Because at that time that particular organization
6 wasn't doing very well. Our own income and disbursements
7 and our budgets and financial planning and reserve accounts
8 were watched very closely. We were expected to support all
9 of the Sea Org operations from that organization.

10 We were briefed by L. Ron Hubbard personally
11 before we left the ship for approximately an hour and a half
12 to two hours. And they were in very, very bad financial
13 straits, to the point of telephones almost being cut off
14 and the crew not really being fed very well.

15 And these details were gone into and, of course,
16 we were expected to make a considerable amount of income.

17 Q And so L. Ron Hubbard briefed you and dispatched
18 you on this mission?

19 A Yes.

20 Q And who else went on that mission?

21 A Fred Hare and Clarice Jackson and a fourth person
22 joined us in Los Angeles, Dawn Titus.

23 Q And how long did you stay on that mission?

24 A Well, we rebriefed on the local, that is, in
25 Los Angeles a couple of times. And I returned to the ship
26 finally in June of '71. So from October or late October,
27 '69 until June '71.

28 Q Now, when you were on this mission and income

1 was collected from this organization, where did it go?

2 A It went into our local bank accounts and based
3 on what our budget was and based on what was surplus to that
4 budget, those reserves were put into what was called the
5 FBO No. 1, FBO No. 2 account.

6 And as I understood it at that time, money was
7 transferred from there to the ship when it was needed or
8 called for or to overseas bank accounts.

9 Q Now, what does FBO stand for?

10 A Flag Banking Officer. At that time it was Flag
11 Banking Officer. It was later changed to Finance Banking
12 Officer.

13 Q So the excess funds from -- strike that -- was
14 that a separate corporation that you were sent in to
15 rejuvenate?

16 A It was part of the Church of Scientology of
17 California.

18 Q Now, so those were Church of Scientology of
19 California funds that were being collected; is that correct?

20 A Yes.

21 Q And then the surplus funds went to the ship or
22 went to overseas bank accounts; is that your understanding?

23 A That is correct. And also expenses of the ship
24 locally were paid out by us locally; that would mean travel
25 fares -- their crew members being recruited locally in
26 Los Angeles going to a remote location such as Portugal or
27 Morocco would receive their airfares locally. So some of
28 those were ship expenses, but taken care of on a local basis.

1 There was an office set up which was the Flag
2 Operations Liaison Office before that, the OTL to dispatch
3 people and to take care of that local business.

4 Q Now, at that time who owned the ships that these
5 church monies to pay expenses were being -- who owned the
6 ships at that time?

7 A By 1971?

8 Q Correct.

9 A 1969 to '71?

10 Q Correct.

11 A The ownership transferred, I believe, from
12 L. Ron Hubbard to OTC just before that time.

13 Q And what was OTC? Was that a profit-making
14 corporation?

15 A Yes.

16 Q And who owned the shares of OTC?

17 A That, I am not familiar with.

18 THE COURT: We'll reconvene tomorrow morning at
19 9 o'clock.

20 (At 4:02 p.m., an adjournment was taken
21 until Thursday, May 24, 1984; at 9:00 a.m.)
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